



## Legislative Update

September 2009

### **SB 98 (Calderon) – Stranger Originated Life Insurance – STOLI**

**SUPPORT**

After many months of lobbying in support of SB 98 (Calderon), NAIFA-California is pleased to report that the bill is now on the Governor's desk awaiting his signature. After last year's STOLI bill, SB 1543 (Machado), was vetoed, there were extensive discussions between the life insurance, life settlement industries and associated interest groups that resulted in amendments being taken to remove the one opponent from last year that we believed to be the main reason for the Governor's veto. Unfortunately, the amendments that were taken resulted in a few insurance companies opposing the bill. However, regardless of the opposition, SB 98 moved its way through the process with overwhelming bi-partisan support.

SB 98 would do the following:

- Extend reasonable regulation to a relatively new, multi-billion dollar industry that offers complex financial products to California's senior citizens. Life Settlements affect seniors' life insurance, estate and overall financial situation; require access to medical records and other sensitive financial information; and have unique tax consequences;
- Protect California consumers who choose to enter into life settlement transactions by enacting some 24 consumer disclosures, the absolute right to rescind, providing protection of the insured's medical records, requiring confidentiality of sensitive financial information and establishing licensing and disclosure requirements for all parties involved in life settlement transactions; and
- Make illegal the practice of STOLI and provides life insurers critical tools they do not currently possess to fight the abuse of life settlements and the state's insurable interest law.

NAIFA-California and the other proponents are working closely with the Governor's staff in an effort to obtain his signature. He has until October 11<sup>th</sup> to sign or veto the bill. We will keep you posted....

### **AB 299 (Assembly Insurance Committee) – Website Removal**

**SUPPORT**

NAIFA-California is pleased to ask the Governor to sign AB 299 (Assembly Insurance Committee), which is a simple bill that makes a number of clarifying and technical amendments to the California Insurance Code (CIC). However, there is one provision in the bill that is of particular interest to NAIFA-California and its members and the reason for our strong support.

One of the provisions in the bill will require the Department of Insurance (DOI) to remove or clarify each document, pleading or order that is posted on its website when an enforcement action against a licensee is withdrawn. Under current law, the DOI is required to post all enforcement actions against licensees on its website. There is no requirement, however, that the information be removed from the website if the enforcement action is withdrawn. This has proven to be a problem in the marketplace because a competitor can copy and send to a prospective insurer or client a pleading from DOI's website that references an individual licensee even when an enforcement action has been withdrawn.

The disclosure of information by the DOI to the general public regarding licensees' conduct is an important public safeguard. However, continuing to post information that is inaccurate or out-of-date can be economically disastrous for a licensee. It is for this reason that NAIFA-California is strongly urging the Governor to sign AB 299. Stay tuned for updates on the Governor's actions...

## **AB 125 (DeLeon) – Open CalPERS to Private Sector Employees** **OPPOSE**

A bill that was opposed by NAIFA-California was held by the Senate Appropriations Committee due to the large price tag associated with its implementation. In an attempt to address the "savings gap" issue that exists in California, Assemblyman DeLeon (D-Los Angeles) introduced AB 125. The bill would have allowed CalPERS to offer Simple IRA plans and IRAs to private sector employees. As a result of the Senate Appropriations Committee's actions, AB 125 is "dead" for the year.

While NAIFA-California did not argue with the fact that a "savings gap" exists and that it is in everyone's best interest to encourage saving and planning for retirement, NAIFA-California did not believe that allowing CalPERS to offer Simple IRA plans and IRAs was the answer. Therefore NAIFA-California opposed the bill and lobbied against it. In addition, a few NAIFA-California members from NAIFA-Los Angeles met with the Assemblyman in his district office to discuss the bill and the challenges agents and advisors face every day with trying to get individuals to do a better job of planning for the golden years.

AB 125 being held by the Appropriations Committee was a huge victory for NAIFA-California and is a great example of how political involvement at both the state and local level can result in very positive outcomes.

## **Department of Insurance Address Change Requests -- Changes**

Beginning September 1, 2009, the California Department of Insurance's (CDI) Producer Licensing Bureau (PLB) will only accept address change requests from licensees through its free online address change service. Address change requests consist of changes to mailing address, business address, residence address, e-mail address, residence telephone number and business telephone number.

Since February 2006, CDI's Online Address Change Service has allowed both California resident and non-resident licensees to make address changes at no charge through the CDI Website at <http://www.insurance.ca.gov/0200-industry/0010-producer-online-services/0400-change-address/> According to the DOI, the online address change service is easy to use and immediately updates the licensee's records.

***If you have any questions regarding any of the topics mentioned in this report, or others not mentioned, please contact Shari McHugh, Legislative Advocate for NAIFA-California, at 916/440-0850. Thank you!***