



**May 2010**

## **AB 2066 (Jones) – Annuity Sales -- DEFEATED**

The anti-annuity bill, AB 2066 by Assemblyman Dave Jones, was **soundly defeated** when it was heard by the Assembly Insurance Committee. NAIFA-California strongly opposed this bill and worked hard to defeat it. If enacted, it would have created significant problems for our members who help to provide annuities to seniors.

AB 2066 proposed to do the following:

- Senior Checklist – as part of the sale of an annuity, requires a checklist that elicits critical data, including life expectancy of the senior, whether the senior has sufficient money outside of the annuity to meet unanticipated expenses and disclosure of the agent's commission.
- Improper Annuity Sales – established circumstance where the sale of an annuity to a senior is improper including the senior has a reverse mortgage, the senior would qualify for Medi-Cal, over 50% of the seniors assets are invested in annuities and the surrender penalty period of the annuity exceeds the senior's life expectancy.
- Surrender Penalties – requires compensation paid for selling an annuity to a senior to be spread over the surrender period and limits any surrender penalties from exceeding commissions paid to the agent.

## **Other Bills of Interest**

- CA AB 1868    **AUTHOR:**                 Jones (D)  
**TITLE:**                                 Insurance: Life: Disability: Discretionary Clauses  
**SUMMARY:**  
Prohibits a policy, contract, certificate, or agreement offered or issued in this state providing for life insurance, disability insurance, or disability income protection coverage from containing a provision purporting to reserve discretionary authority to the insurer, or an agent of the insurer, to interpret the terms of the policy contract. Requires the Commissioner to disapprove any disability policy that contains a provision of this type.  
**STATUS:**  
02/25/2010                 To ASSEMBLY Committee on Appropriations Committee – Suspense File.  
**Position: Concerns**
- CA AB 2041    **AUTHOR:**                 Villines (R)  
**TITLE:**                                 Income Tax: Health Savings Accounts  
**SUMMARY:**  
Amends the Personal Income Tax Law. Allows a deduction in connection with health savings accounts. Makes the deduction an amount equal to the aggregate amount paid in cash during the taxable year by, or on behalf of, an eligible individual to a health savings account of that individual. Provides related conformity to federal law with respect to treatment of the account as a tax-exempt trust, the allowance of rollovers from Archer Medical Savings Accounts and health flexible spending arrangements.

**STATUS:**

03/10/2010 To Committee on REVENUE AND TAXATION – Suspense File.

**Position: Support**

- CA AB 2110 **AUTHOR:** De La Torre (D)  
**TITLE:** Disability Insurance: Premium Payments: Grace  
**SUMMARY:**  
Amends existing law that requires disability insurance policies to include a provision setting forth a grace period for making premium payments.  
**STATUS:**  
03/04/2010 On the ASSEMBLY floor.  
**Position: No position**
- CA AB 2578 **AUTHOR:** Jones (D)  
**TITLE:** Health Care Coverage: Rate Approval  
**SUMMARY:**  
Amends the Knox-Keene Health Care Service Plan Act. Requires approval by the Department of Managed Health Care or the Department of Insurance of an increase in the amount of the premium, co-payment, coinsurance obligation, deductible, and other charges under a health care service plan or health insurance policy.  
**STATUS:**  
On the ASSEMBLY floor.  
**Position: Oppose**
- CA AB 2619 **AUTHOR:** Block (D)  
**TITLE:** Elder and Dependant Adult Abuse: Restitution  
**SUMMARY:**  
Requires the court to issue an earnings withholding order for elder or dependent adult financial abuse for a defendant who has been liable for financial abuse of an elder or dependent adult. Requires earnings withholding orders for support or for taxes be given priority over orders for elders or dependent adult financial abuse. Requires that the application for issuance of an order and the order include how much of the judgment arises from that claim.  
**STATUS:**  
05/05/2010 In ASSEMBLY. Read second time. To Consent Calendar.  
Position: Support
- CA AB 2717 **AUTHOR:** Skinner (D)  
**TITLE:** Insurance: Agents/Brokers: Senior Designation: Use  
**SUMMARY:**  
Amends existing law that provides that an insurance broker or agent may not use a senior designation unless he or she has met certain conditions. Requires that the Insurance Commissioner approve such designation only if the organization that issues the designation satisfies specified requirements including accreditation standards, education and examination requirements, and having minimum standards and procedures regarding disciplining the organization's designees for improper or unethical conduct.  
**STATUS:**  
04/26/2010 In ASSEMBLY. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.  
Position: Support
- CA SB 1408 **AUTHOR:** Senate Banking, Finance and Insurance Committee  
**TITLE:** Insurance  
**SUMMARY:**  
Amends an existing law that requires the formation of the Life and Health Insurance Guarantee Association to provide coverage for direct, nongroup Life, health, annuity, and supplemental policies or contracts of insurance in case of the impairment or insolvency of a member insurer. Makes clarifying and conforming changes in provisions declaring the purpose of the law.  
**STATUS:**  
03/11/2010 To the Assembly – waiting for Committee assignment.  
**Position: Oppose**