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INSURANCE CODE - INS

DIVISION 1. GENERAL RULES GOVERNING INSURANCE [100 - 1879.8] (*Division 1 enacted by Stats. 1935, Ch. 145.)*

PART 2. THE BUSINESS OF INSURANCE [680 - 1879.8] (*Part 2 enacted by Stats. 1935, Ch. 145.)*

CHAPTER 1. General Regulations [680 - 1113] (*Chapter 1 enacted by Stats. 1935, Ch. 145.)*

ARTICLE 1.7. Continuity of Management [688 - 688.5] (*Article 1.7 added by Stats. 1963, Ch. 1285.)*

688. The Legislature declares that it is desirable for the general welfare and in particular for the welfare of insurance beneficiaries, policyholders, injured claimants and others that the business of domestic insurers be continued notwithstanding the event of a national emergency.

The specific purpose of this chapter is to facilitate the continued operation of domestic insurers in the event that a national emergency is caused by an attack on the United States or by a nuclear, atomic or other disaster which makes it impossible or impracticable for a company to conduct its business in strict accord with applicable provisions of law, its bylaws, or its charter.

(*Added by Stats. 1963, Ch. 1285.*)

688.1. The board of directors of any domestic insurer may at any time adopt emergency bylaws, subject to repeal or change by action of those having power to adopt regular bylaws for the insurer, which shall be operative during such a national emergency and which may, notwithstanding any different provisions of the regular bylaws, or of the applicable statutes, or of the insurer's charter, make any provision that may be reasonably necessary for the operation of the insurer during the period of such emergency.

(*Added by Stats. 1963, Ch. 1285.*)

688.2. In the event that the board of directors of a domestic insurer has not adopted emergency bylaws, the following provisions shall become effective upon the occurrence of such a national emergency:

(1) Three directors shall constitute a quorum for the transaction of business at all meetings of the board.

(2) Any vacancy in the board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director.

(3) If there are no surviving directors, but at least three vice presidents of the company survive, the three vice presidents with the longest term of service shall be the directors and shall possess all of the powers of the previous board of directors and such powers as are granted herein or by subsequently enacted legislation. By majority vote such emergency board of directors may elect other directors. If there are not at least three surviving vice presidents, the commissioner or duly designated person exercising the powers of the commissioner shall appoint three persons as directors who shall possess all of the powers of the previous board of directors and such powers as are granted herein or by subsequently enacted legislation, and these persons by majority vote may elect other directors.

(*Added by Stats. 1963, Ch. 1285.*)

688.3. At any time the board of directors of a domestic insurer may, by resolution, provide that in the event of such a national emergency and in the event of the death or incapacity of the president, the secretary or the treasurer of the company such officers, or any of them, shall be succeeded in the office by the person named or described in a succession list adopted by the board of directors. Such list may be on the basis of named persons or position titles, shall establish the order of priority and may prescribe the conditions under which the powers of the office shall be exercised.

(*Added by Stats. 1963, Ch. 1285.*)

688.4. At any time the board of directors of a domestic insurer may, by resolution, provide that in the event of such a national emergency the home office or principal place of business of the insurer shall be at such location as is named or described in the resolution. Such resolution may provide for alternate locations and establish an order of preference.

(Added by Stats. 1963, Ch. 1285.)

688.5. "Insurer" as used in this article includes insurance corporations and insurer organizations of every type and reciprocal or interinsurance exchanges and the incorporated attorney in fact of a reciprocal or interinsurance exchange, which corporate attorney in fact is either organized under the laws of or has its home office and principal place of business in this State.

"Board of directors" as used in this article includes the policy-determining body of an insurer whether or not it is called by that name.

(Added by Stats. 1963, Ch. 1285.)