



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites	
------	------------------	----------------	--------------	-----------------	------------------	--------------	--

Code: Section:

[Up^](#) [Add To My Favorites](#)

INSURANCE CODE - INS

DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8] (*Division 2 enacted by Stats. 1935, Ch. 145.*)

PART 2. LIFE AND DISABILITY INSURANCE [10110 - 11549] (*Part 2 enacted by Stats. 1935, Ch. 145.*)

CHAPTER 2. Group Life Policies [10200 - 10214] (*Chapter 2 enacted by Stats. 1935, Ch. 145.*)

10200. Any life insurer may issue life, disability, term, and endowment insurance on the group plan, with or without annuities, and with premium rates less than the usual rates for such insurance. Such insurance under a franchise agreement or upon a wholesale basis may be written under rates more or less than the usual rates for such insurance.

(*Amended by Stats. 1961, Ch. 1385.*)

10200.2. An insurer may, in the discretion of the contracting parties, enter into a contract with a group policyholder or other contracting entity under any group, selected group, or franchise policy issued by the insurer to determine the amount the insurer may retain from premiums paid or to provide for the establishment of reserves or deposits to meet future contingencies of any nature under such insurance policy. Under this section, "contracting entity" means any of the following:

- (a) The employer, association, trustee, union, or other entity to whom a group policy is issued.
- (b) The organization to which an individual policyholder must belong or be associated with to be insured under a franchise or a selected group policy.
- (c) Any entity formed and operating for purposes other than the procuring of insurance to which two or more contracting entities defined in subdivision (a) or (b) of this section belong.

(*Added by Stats. 1967, Ch. 1194.*)

10200.5. The term "franchise" or "wholesale" insurance shall mean a life insurance plan under which a number of individual life insurance policies are issued at special rates to a selected group. A special rate is any rate lower than the rate shown in the issuing insurance company's manual for individually issued policies of the same type and to insureds of the same class.

After the effective date of this section no franchise or wholesale life insurance plan shall be entered into in this State unless the individuals to whom such insurance is made available are members of a professional association, employees of a common employer or affiliated employers, or unless the insurance is made available in connection with an indebtedness or a contract of sale. The word "employees" as used in this section shall be deemed to include the individual proprietors or partners who constitute the employer or affiliated employers.

In the case of any plan existing on or before the effective date of this section, any individual plan or policy then in effect shall not be changed or affected by this section, but no individual may thereafter become insured for more than twenty-five thousand dollars (\$25,000), under any such plan except those written in connection with a professional association, an indebtedness, a contract of sale, or a pension plan. Nothing herein contained shall prevent any such plan so existing at the effective date hereof from being changed or modified (a) to change the insurer or insurers underwriting said plan and, to the extent necessary without affecting benefits payable, to make the plan conform to the underwriting rules and procedures of the new insurer or insurers; (b) to change rates applicable to insurance written under said plan; or (c) to add to said plan incidental benefits providing coverage on the lives of dependents of the insured individual, accidental death benefits or waiver of premiums during periods of total disability on the insured.

For purposes of this section a professional association means an association whose membership is restricted to one or more of the licensed professions such as medicine, dentistry, pharmacy, law and accountancy.

(*Added by Stats. 1961, Ch. 718.*)

10201. The only forms of group life insurance are those set forth in this chapter.

(*Enacted by Stats. 1935, Ch. 145.*)

10202. Life insurance conforming to all the following conditions is one form of group life insurance:

(a) Written under a policy covering when issued not less than two public or private employees.

(b) Written under a policy issued to the employer, the premium on which is to be paid by the employer, by the employee, or by the employer and employees jointly, and insuring either all of the employees or all of any class or classes thereof, determined by conditions pertaining to the employment.

(c) For amounts of insurance based upon some plan which will preclude individual selection.

(d) For the benefit of persons other than the employer. That group insurance may be for the benefit of a trustee of a pension, welfare benefit plan, or trust established by an employer providing life, health, disability, retirement, or similar benefits to employees of the employer or its affiliates, and acting in a fiduciary capacity with respect to those employees, retired employees, or their dependents or beneficiaries, where the trustee has an insurable interest in the lives of the employees for whom those benefits are to be provided and where the employee has consented in writing to the coverage.

(e) When the premium is to be paid by the employer and employee jointly and the benefits of the policy are offered to all eligible employees.

(f) Terminating if, subsequent to issue, (1) the number of employees insured falls below two lives, and (2) the employee contributions, if the premiums for the insurance are on a renewable term insurance basis, exceed one dollar (\$1) per month per one thousand dollars (\$1,000) of insurance coverage plus an amount equal to any additional premium per one thousand dollars (\$1,000) of insurance coverage charged to cover one or more hazardous occupations.

(g) The application period and the notice requirements shall be the same for classes of former employees and retired employees as those set forth in paragraphs (2) and (4) of subdivision (a) of, and subdivision (b) of, Section 10209.

That insurance may be issued either with or without medical examinations.

(Amended by Stats. 2018, Ch. 425, Sec. 1. (AB 1373) Effective January 1, 2019.)

10202.5. (a) The term "employees" as used in Section 10202 may include the officers, managers, and employees of subsidiary or affiliated corporations, and the individual proprietors, partners, and employees of affiliated individuals and firms, when the business of such subsidiary or affiliated corporations, firms, or individuals is controlled by the policyholder through stock ownership, contract or otherwise, or when the policyholder is controlled by affiliated corporations, firms, or individuals through stock ownership, contract or otherwise. The policy may provide that the term "employees" as used in Section 10202 may include classes of former employees, including retired employees, and may also include the individual proprietors or partners who constitute the policyholder, but limited to such individual proprietors and partners who are actively engaged in the business the employees of which are covered by the group insurance.

(b) This section does not permit any person other than an officer, manager, or employee for compensation, or classes of former employees, including retired employees, of the policyholder or of one or more of the individuals, firms, or corporations or of the individual proprietors or partners specified in subdivision (a) to become insured under a group policy.

(Amended by Stats. 2019, Ch. 497, Sec. 179. (AB 991) Effective January 1, 2020.)

10202.8. A group life policy conforming to all the following conditions may be issued to the trustees of a fund established by employer members of a trade association, or by a trade association maintained by contributions of such members for the sole benefit of their employees or, by one employer, or by two or more employers in the same industry, or by an association of employers in the same industry, or by one or more labor unions, or by one or more employers and one or more labor unions, or by an association of employers and one or more labor unions, to insure employees of the employers or members of the unions for the benefit of persons other than the employers or the unions:

(a) The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the unions, or to both. The policy may provide that the term "employees" may include classes of former employees, including retired employees, and the individual proprietor or partners if any employer is an individual proprietor or a partnership. A director of a corporate employer is not eligible for insurance under the policy unless that person is otherwise eligible as a bona fide employee of the corporation by performing services other than the usual duties of a director. An individual proprietor or partner is not eligible for insurance under the policy unless the proprietor or partner is actively engaged in and devotes a substantial part of their time to the conduct of the business of the proprietor or partnership. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are principally connected with such trusteeship.

(b) The premium for the policy shall be paid by the trustees either: (a) wholly from funds contributed by the employer or employers of the insured persons, or by the union or unions, or by both; or (b) partly from such funds and partly from funds contributed by either all of the insured persons or by one or more classes thereof, or (c) wholly derived funds contributed by the insured persons.

(c) The policy must cover at the date of issue at least 50 persons.

(d) The amounts of insurance under the policy must be based upon some plan precluding individual selection by the insured persons or by the trustees, employers, or unions.

That insurance shall be issued with or without medical examination. For the purpose of this section the word "industry" shall include licensed professions, such as medicine, dentistry, pharmacy, law, and accountancy.

(Amended by Stats. 2019, Ch. 497, Sec. 180. (AB 991) Effective January 1, 2020.)

10202.81. The State and any political subdivisions thereof and any municipality, may provide for the type of insurance set forth in Section 10202.8 of this code the same as any private employer and may contribute to a fund established under such section the same as any private employer.

(Amended by Stats. 1957, Ch. 2255.)

10202.82. The term "employees" as used in subdivision (a) of Section 10202.8 includes individual proprietors and partners of an employer which is an individual proprietor or partnership. The term "employer" as used in Section 10202.8 includes any self-employed member of a labor union whether or not there are persons employed by him.

(Added by Stats. 1959, Ch. 2097.)

10202.85. A policy conforming to Section 10202.8 issued to a county may include as persons eligible, employees of a district located, wholly or partly, within such county. Such inclusion is subject to Section 53200.4 of the Government Code.

(Added by Stats. 1968, Ch. 935.)

10203. Life insurance conforming to all of the following conditions is another form of group life insurance:

(a) Written under a policy covering, when issued, not less than 25 members of any of the following:

(1) Any labor union or unions.

(2) The National Guard.

(3) Any association or governmental or public employees.

(4) Any credit union organized and operating under the Federal Credit Union Act of 1934 or Chapter 36 of the California Statutes of 1927 as amended.

(5) Any association of private employees of a common employer, formed for purposes other than obtaining insurance and having been in existence for two years or longer prior to issuance of the policy, and having a membership not less than 75 percent of the number of employees eligible for membership in such association.

(b) Written under a policy issued to one or more such unions, credit union or association.

(c) The premium on the policy to be paid by the union, credit union, or association or by the union or association and the members thereof jointly or by the insured members alone. Payment of such premium by a third party on behalf of the union member shall be considered payment by the union member.

(d) Insuring only members of such union or unions or members of such credit union or association.

(e) Insuring for amounts of insurance based upon some plan which will preclude individual selection.

(f) Insuring for the benefit of persons other than the union, credit union or association or its officials.

(g) Written under a policy insuring, when issued, not less than 75 percent of all members eligible for insurance under the policy, or 75 percent of such members of any class thereof reasonably determined by conditions pertaining to employment or of any established unit thereof not formed for the purpose of procuring insurance; provided, that if a group policy is intended to insure several such classes or units it may be issued as respects any such class or unit of which 75 percent are covered and extended to other such units or classes as 75 percent thereof express the desire to be covered. In such case, when members apply and pay for additional amounts of insurance, a smaller percentage of members may be insured for such additional amounts of insurance. If any member fails to become insured under an existing policy when he becomes eligible and later wishes to become insured thereunder, the insurer may require satisfactory evidence of insurability before insurance is granted on such member.

(h) No policy of group life insurance shall be issued to an association of private employees of a common employer unless the employer consents in writing to deduct premiums from wages or salary of insured members.

(i) Written under a policy covering any association having a constitution and bylaws and formed and continuously maintained in good faith for purposes other than that of obtaining insurance, offering insurance to all the eligible members of such association and covering not less than 25 such members or such members together with their dependents or spouses and not less than 75 percent of all eligible members for amounts of insurance based upon some plan which will preclude individual selection by the member as to the amount of his or her insurance coverage thereunder. If the master policy is to be issued to cover members of labor unions, it may be issued to more than one such union.

(Amended by Stats. 1981, Ch. 735, Sec. 2.)

10203.1. Life insurance conforming to all the following conditions is another form of group life insurance:

(a) Written under a policy covering, when issued, not less than 25 employees of the Trustees of the California State University in eligible classes as designated by the trustees pursuant to Section 89506 of the Education Code.

(b) Written under a policy issued to the Trustees of the California State University pursuant to Section 89506 of the Education Code.

(c) The premium on the policy is to be paid by the employees alone, or in part by the State of California, with the remainder to be paid by the employees. Payment of the premium by a third party on behalf of the employees shall be considered payment by the employees.

(d) Insuring only the employees of the Trustees of the California State University.

(e) Insuring for amounts of insurance based upon some plan which will preclude individual selection.

(f) Insuring for the benefit of persons other than the Trustees of the California State University.

(g) Written under a policy insuring, when issued, not less than 75 percent of all such employees eligible for insurance under the policy, or 75 percent of the employees of any class thereof reasonably determined by conditions pertaining to employment or of any established unit thereof not formed for the purpose of procuring insurance. However, if a group policy is intended to insure several classes or units, it may be issued as respects any class or unit, of which 75 percent are covered and extended to other units or classes as 75 percent thereof express the desire to be covered. In such case, when the employees apply and pay for additional amounts of insurance, a smaller percentage of employees may be insured for additional amounts of insurance. If any employee fails to become insured under an existing policy when he or she becomes eligible and later wishes to become insured thereunder, the insurer may require satisfactory evidence of insurability before insurance is granted on the employee.

(Amended by Stats. 1983, Ch. 143, Sec. 200.)

10203.2. Life insurance conforming to all the following conditions is another form of group life insurance:

(a) Written under a policy covering, when issued, not less than 25 employees in eligible classes or positions as designated by the Department of Human Resources pursuant to Section 19849.11 of the Government Code.

(b) Written under a policy issued to the State of California through the Department of Human Resources or its designee pursuant to Sections 19849.10 to 19849.12, inclusive, of the Government Code.

(c) The premium on the policy is to be paid by the employees alone, by the state alone, or in part by the state with the remainder to be paid by the employees.

(d) Insuring only managerial and confidential employees as defined by subdivisions (e) and (f) of Section 3513 of the Government Code, and employees excluded from the definition of state employees in subdivision (c) of Section 3513 of the Government Code.

(e) Insuring for amounts of insurance based upon some plan which will preclude individual selection.

(f) Insuring for the benefit of persons other than the Department of Human Resources or its designee.

(g) Written under a policy insuring, when issued, not less than 75 percent of all employees eligible for insurance under the policy, or 75 percent of the employees of any class or position thereof reasonably determined by conditions pertaining to employment or of any established unit thereof not formed for the purpose of procuring insurance. If a group policy is intended to insure several classes, positions, or units, it may be issued as respects the classes, positions, or units of which 75 percent are covered and extended to those other units, classes, or positions of which 75 percent express the desire to be covered. In this case, when the employees apply and pay for additional amounts of insurance, a smaller percentage of employees may be insured for the additional amounts of insurance. If any employee fails to become insured under an existing policy when he or she becomes eligible and later wishes to become insured thereunder, the insurer may require satisfactory evidence of insurability before insurance is granted on the employee.

(Amended by Stats. 2012, Ch. 665, Sec. 172. (SB 1308) Effective January 1, 2013.)

10203.4. (a) Insurance under a group life insurance policy issued pursuant to Sections 10202, 10202.8, 10203, 10203.1, and 10203.7 may be extended to insure the dependents, or any class or classes thereof, of each insured employee who so elects, in amounts in accordance with some plan that precludes individual selection and that shall not be in excess of 100 percent of the

insurance on the life of the insured employee. For dependent children over the age of majority, the group policyholder may elect coverage at age variations up to the limiting age.

(b) "Dependent" includes the member's spouse or a minor child, as well as a child older than the age of majority up to a maximum of 26 years of age, or any child over the age of majority who is both incapable of self-sustaining employment by reason of an intellectual disability or physical handicap and chiefly dependent upon the employee for support and maintenance if proof of the incapacity and dependency is furnished to the insurer by the employee within 31 days of the child's attainment of the limiting age and subsequently as may be required by the insurer, but not more frequently than annually after the two-year period following the child's attainment of the limiting age.

(c) The premiums for the insurance on the dependents may be paid by the employer, the employee, or the employer and the employee jointly.

(Amended by Stats. 2016, Ch. 440, Sec. 1. (AB 565) Effective January 1, 2017.)

10203.5. (a) Life insurance conforming to all the following conditions is another form of group life insurance:

(1) Covering one of the following groups:

(A) All members are or become borrowers from one financial institution, including subsidiary or affiliated persons, under an agreement to repay the sum borrowed.

(B) All members are or become purchasers of merchandise or other property, exclusive of securities, investment certificates, and bank deposits, under an agreement to pay the balance of the purchase price.

(2) The group numbers not less than 100 new entrants yearly or, in the case of a credit union, not less than 50 borrowers yearly.

(3) The amount insured on any one borrower or purchaser does not exceed:

(A) The amount of the loan commitment in the case of an agricultural or horticultural loan commitment, as defined in Section 10203.55, repayable in one sum or in irregular installments within a period not in excess of 18 months from the initial date of the loan commitment.

(B) In all other cases, the balance of the indebtedness to the financial institution or vendor.

(4) The repayment or payment of purchase price is to be made under the agreement of loan or purchase in substantially equal installments over a period not exceeding 40 years, in installments that may vary according to the terms of a signed agreement, in payments or installments in accordance with the usual terms of the creditor in the case of an open-ended agreement to extend credit, a revolving loan, or revolving charge account, or in one sum or irregular installments within a period not in excess of 18 months from the initial date of the commitment on an agricultural or horticultural loan.

(5) The policy is issued upon application of and made payable to the financial institution, vendor, or a creditor to whom the vendor may transfer title to the indebtedness, as beneficiary, and the premiums are paid by or through the financial institution, vendor, or creditor.

(b) A policy of insurance conforming to this section is not subject to Section 10209 of this code or Section 704.100 of the Code of Civil Procedure.

(Amended by Stats. 2006, Ch. 538, Sec. 467. Effective January 1, 2007.)

10203.55. An agricultural or horticultural loan commitment as used in Section 10203.5 and in Article 5.9 (commencing with Section 779.1), Chapter 1, Part 2, Division 1 means a binding agreement to loan money up to a fixed amount as needed for agricultural or horticultural purposes, which commitment is issued by:

(1) A national or state commercial bank; or

(2) A federal intermediate credit bank or a production credit association organized under the Farm Credit Act of 1933, as amended; lawfully operating in this State.

(Amended by Stats. 1963, Ch. 313.)

10203.7. Life insurance conforming to all the following conditions is another form of group life insurance:

(a) Written under a policy covering when issued, not less than 10 agents.

(b) Written under a policy issued to a principal, or if such principal be a life or life and disability insurer, by or to such principal, and with whom, or with an agent of whom, each of such agents is under contract to render personal services for a commission or other fixed or ascertainable compensation, the premium on which is to be paid by the principal or by the principal and the agents jointly, and insuring either all of the agents or all of any class or classes thereof, determined by conditions pertaining to the services to be rendered by such agents, provided that if a policy is intended to insure several such classes it may be issued to insure any such class of which 75 percent are covered and extended to other classes as 75 percent thereof express the desire to be covered.

(c) For amounts of insurance based upon some plan which will preclude individual selection.

(d) For the benefit of persons other than the principal.

(e) When the premium is to be paid by the principal and agents jointly, and the benefits of the policy are offered to all eligible agents, written under a policy insuring, when issued, not less than 75 percent of such agents.

(f) Terminating, if, subsequent to issue (1) the number of agents insured falls below 10 lives or 75 percent of the number eligible, and (2) the contribution of the agents, if the premiums for the insurance are on a renewable term insurance basis, exceed one dollar (\$1) per month per one thousand dollars (\$1,000) of insurance coverage plus an amount equal to any additional premium per one thousand dollars (\$1,000) of insurance coverage charged to cover one or more hazardous occupations.

Such insurance may be issued with or without medical examination. For the purpose of this section the term agents shall be deemed to include agents, solicitors and salesmen.

(Amended by Stats. 1959, Ch. 571.)

10203.8. Life insurance conforming to all of the following conditions is another form of group life insurance:

(a) Covering the lives of every eligible member of a group of persons who become or are named depositors under a savings account plan, established by a financial institution including subsidiary or affiliated persons, which plan provides for periodic deposits of like amounts.

(b) The period during which the deposits may be made under the plan does not exceed 60 consecutive months, and the total amount of insurance under the policy on any one depositor does not exceed the difference between the amounts deposited and the maximum amount that may be deposited under the plan and does not exceed one thousand five hundred dollars (\$1,500) on any one life.

(c) The group numbers 100 new entrants yearly.

(d) The policy is issued upon application of and made payable to the financial institution as beneficiary, and the premiums are paid by or through the financial institution.

(e) The policy of insurance conforming to this section is not subject to Section 10209 or of this code or Section 704.100 of the Code of Civil Procedure.

(Amended by Stats. 2006, Ch. 538, Sec. 468. Effective January 1, 2007.)

10203.9. In addition to the other specific circumstances under which a group life policy may be issued under this chapter a group life policy may be issued to an existing insured to replace an existing valid group life policy if: (1) it provides the same benefits at the same or a lesser rate as the policy to be replaced; (2) it offers such benefits to all persons covered by the policy to be replaced; and (3) 90 percent of all persons covered by the policy to be replaced become insured under the new policy.

(Added by Stats. 1955, Ch. 664.)

10203.10. (a) Life insurance conforming to all of the following conditions is another form of group life insurance:

(1) Written under a policy issued and delivered in connection with the payment of benefits against the risk of loss in the value of redeemable securities of the insured investor issued by an investment company or companies operating under the Investment Company Act of 1940, as amended, and whose redeemable securities are registered under the Securities Act of 1933, as amended. For the purposes of this section, such benefits shall be referred to as group investment return assurance.

(2) Covering the lives of every eligible member of a group of persons who are or become investors in an investment company or companies.

(3) The group numbers not less than 100 investors yearly.

(4) The amount of insurance on any one investor does not exceed the amount of his investment, and does not exceed twenty thousand dollars (\$20,000) on any one life.

(5) The period of assurance for each investor shall not extend over a period exceeding the life of such investor.

(6) The policy is issued upon the application of the investment company or companies, and the premiums are paid by the investment company, the investor, or jointly by the investment company and the investor.

Such insurance may be issued with or without medical examination.

(7) The policy provides a benefit equal to the difference between the amount paid for such redeemable securities and the value of such redeemable securities at the earlier of either (A) the end of the certificate period, or (B) the date of death of the insured.

(8) To protect the public and policyholders located in this state from hazardous operation by domestic, foreign, or alien companies, and to further the purpose and provision of this part, no domestic, foreign, or alien insurance company shall undertake the issuance of any policy providing for group investment return assurance until such company has satisfied the commissioner that its condition or method of operation in connection with the issuance of such policies shall not be such as to render its operation hazardous to the public, or its policyholders in this state, and, whether domestic, foreign, or alien, that it meets the conditions prescribed in Section 717 for the issuance of a certificate of authority. In the determination of the qualification of a company requesting authority to issue policies providing for group investment return assurance within this state, the commissioner shall consider, in addition to the requirements of Section 717, all of the following: (A) the history of the company, (B) the character, responsibility, and general fitness of the officers and directors of the company, (C) the regulation of a foreign company by its state of domicile, (D) the adequacy of the investment management which the company is providing, and (E) the company's arrangements for the supervision of the marketing of such policies. No company may provide group investment return assurance in its policies unless it is an admitted insurer having and maintaining a combined capital and surplus of at least two million dollars (\$2,000,000).

(9) In addition to the requirements of paragraph (8), no admitted insurer may provide group investment return assurance in its policies unless it establishes a special contingency fund of not less than one million dollars (\$1,000,000). This fund shall be deemed to constitute a reserve liability in addition to other reserves of such insurer. In the event an insurer issues both group and individual investment return assurance, such special contingency fund shall not be less than one million dollars (\$1,000,000) for both group and individual assurance.

(b) The commissioner shall require the payment of two hundred fifty dollars (\$250) as a fee for the determination of qualification required by this section. Upon completion of the determination of qualification, and whether authorization to issue policies providing group investment return benefits is granted or denied, the commissioner shall require the payment of such additional amounts from the requesting insurer as may be necessary to defray all administrative costs in excess of two hundred fifty dollars (\$250) incurred by the commissioner in making such determination.

(c) On and after the effective date of this section, a group investment return assurance policy, or certificate evidencing such insurance, shall not be issued or delivered in this state until a copy of the form thereof is filed with the commissioner, the fees required by Section 12973.9 are paid, and the commissioner has given written approval of such form.

(d) No certificate of group investment return assurance shall be delivered or issued for delivery to any person in this state unless each such certificate does all of the following:

(1) Includes a statement on the first page thereof, in boldface type, that in the event that the value of the redeemable securities covered by the contract exceeds the amount paid for such securities, there shall be no benefit.

(2) Provides that the reserves for all group investment return assurance policies shall be computed and maintained on a basis which shall place an actuarially sound value on the liabilities under such policies. To provide a basis for the determination of such actuarially sound values, the commissioner, from time to time, shall adopt rules requiring the use of appropriate tables of morbidity, mortality, interest rates, and valuation methods for such reserves.

(e) In furtherance of the purpose of this section, the commissioner may make reasonable rules and regulations therefor. Such rules and regulations shall be adopted, amended or repealed in accordance with the procedure provided in Chapter 4.5 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code.

(Added by Stats. 1971, Ch. 1565.)

10204. For the purpose of this chapter, the term "employer" includes the association or union designated by Section 10203, and the institution, vendor, credit union, or creditor designated by Sections 10203.5 and 10203.6, and the principal designated by Section 10203.7, and the trustees designated by Section 10202. 8, and the term "employee" includes the members of such union, credit union or association and the debtors of or purchasers from such institution, credit union, vendor or creditor, the agents referred to in Section 10203.7, and the employees and members referred to in Section 10202.8.

(Amended by Stats. 1961, Ch. 142.)

10204.5. (a) In addition to the issuance of group life insurance to groups in this state as permitted elsewhere in this chapter, the commissioner may approve the issuance of group life insurance if the insurer or applicant proves to the satisfaction of the

commissioner each of the following:

- (1) The policy, when issued, covers no fewer than 10 eligible group members.
- (2) There is a common enterprise or economic or social affinity or relationship among members of the group.
- (3) The premiums charged are reasonable in relation to the benefits provided under the group insurance policy.
- (4) The issuance of the policy would result in economies of acquisition or administration, would be actuarially sound, and would not be contrary to the best interests of the public.
- (5) The group was formed in good faith for purposes other than obtaining insurance.
- (6) If the group policyholder is an association, the association has a constitution and bylaws and has been in existence for more than two years.
- (7) The insurer has been actively engaged in the business of writing the types of coverage offered in the group insurance policy for insureds other than the type of group covered by the policy, and is not organized solely or principally for the purpose of furnishing coverage to groups of this type.

(b) An insurer under a policy covered by this section may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

(c) A fee of five hundred dollars (\$500) shall be charged to each insurer or applicant for each filing made pursuant to this section.

(Added by Stats. 2005, Ch. 174, Sec. 1. Effective January 1, 2006.)

10205. A policy of group life insurance shall not be issued or delivered in this State nor, except as otherwise provided in Section 10205.5, shall an insurer provide or agree to provide group life coverage until a copy of the form of the policy is filed with the commissioner and approved by him. Except as provided in Section 10211, such policy shall not be so issued or delivered unless it contains in substance the provisions set forth in Sections 10206 to 10210 hereof.

(Amended by Stats. 1953, Ch. 624.)

10205.5. An insurer is permitted to provide group life coverage prior to the approval of the form of the policy if all of the conditions of (a) are met prior thereto and if thereafter it acts as required by (b).

(a) The conditions precedent are:

- (1) The group is one eligible for coverage pursuant to the provisions of this article; and
- (2) An executed memorandum of insurance has been or is concurrently delivered to the entity which is to become the policyholder containing a provision that unless a policy the form of which has been approved by the commissioner and embodying the coverage has been issued and delivered to the policyholder within 90 days after the date on which the coverage is provided or agreed to be provided, the coverage provided pursuant to such memorandum terminates 120 days after such date, and containing a specification in either complete or summary form of:
 - (i) The class or classes of employees eligible for coverage;
 - (ii) The benefits to be provided; and
 - (iii) The exceptions and reductions to such benefits, if any.

(b) An insurer providing coverage pursuant to this section shall:

- (1) Within 60 days after the date on which the coverage is provided or agreed to be provided submit to the commissioner for approval a policy form drafted to provide the coverage provided by such memorandum and in a good faith attempt to meet all requirements of law;
- (2) Make such revisions in the policy submitted as the commissioner may lawfully require; and
- (3) Terminate such coverage in accordance with the provisions of (a) (2) above if approval of such policy is not secured within the time specified therein.

Upon written request from the insurer filed within 50 days after the date on which the coverage is provided or agreed to be provided and upon proof satisfactory to him that the insurer is acting with due diligence and that hardship will result unless an extension is

granted, the commissioner may extend the time set forth in (b) (1) hereof for a period of not to exceed 30 days. Upon such extension, the insurer with the consent of the policyholder may amend the memorandum of insurance referred to in (a) (2) hereof to extend the time within which the policy must be issued and delivered to the policyholder to 30 days after the date to which the commissioner has extended the time within which a policy form must be submitted to him for approval and to extend the date for termination of coverage to 30 days thereafter.

Any policy submitted to the commissioner with a letter from the insurer stating that coverage has been provided in accordance with this section shall be automatically approved unless the commissioner disapproves the same within 30 days of the date of its submission to him.

(Added by Stats. 1953, Ch. 624.)

10205.6. The commissioner may suspend or revoke the permission granted any insurer in Section 10205.5 if, after notice and hearing in accordance with Chapter 5 of Part 1 of Division 3 of Title 2 of the Government Code, he finds that the insurer has:

- (a) Misrepresented the conditional nature of the coverage;
- (b) Neglected or refused either to cancel or otherwise terminate such coverage within the time required by such section;
- (c) Delivered any such memorandum which did not comply with subsection (a) (2) of Section 10205.5;
- (d) Shown a lack of diligence in making revisions in the policy necessary to obtain its approval by the commissioner;
- (e) Failed so often in so many important respects in drafting any such policy to conform to the applicable requirements of the Insurance Code that a conclusion of lack of good faith or competency in drafting is reasonably justified;
- (f) Circulated announcements of coverage to individuals insured which failed to advise them of the conditional nature of the coverage; or
- (g) In any other manner so negligently or carelessly handled the effecting of insurance under Section 10205.5 or the administration thereof that the policyholder or the persons insured have been misled or exposed to the danger of loss.

(Added by Stats. 1953, Ch. 624.)

10206. (a) The policy shall provide that the validity of the policy shall not be contested, except for nonpayment of premiums, after it has been in force for two years from its date of issue; and that no statement made by any employee insured under the policy relating to his or her insurability shall be used in contesting the validity of the insurance with respect to which the statement was made after the insurance has been in force prior to the contest for a period of two years during the employee's lifetime nor unless it is contained in a written application signed by the employee.

(b) (1) Notwithstanding subdivision (a), if photographic identification is presented during the application or enrollment process, and if an impostor is substituted for a named insured in any part of the application or enrollment process, with or without the knowledge of the named insured, then no contract between the insurer and the named insured is formed, and any purported insurance contract is void from its inception.

(2) As used in this subdivision:

(A) "Application or enrollment process" means any or all of the steps required of a named insured in applying for a certificate under a group policy of life insurance, including, but not limited to, executing any part of the application or enrollment form, submitting to medical or physical examination or testing, or providing a sample or specimen of blood, urine, or other bodily substance.

(B) "Impostor" means a person other than the named insured who participates in any manner in the application or enrollment process for a certificate under a group life insurance policy and represents himself or herself to be the named insured or represents that a sample or specimen of blood, urine, or other bodily substance is that of the named insured.

(C) "Named insured" means the individual named in an application or enrollment form for a certificate under a group life insurance policy as the person whose life is to be insured.

(Amended by Stats. 1998, Ch. 184, Sec. 2. Effective January 1, 1999.)

10206.5. The policy may provide that the insurer is not liable, or is liable only in a reduced amount, for losses arising from conditions:

- (a) Relating to war or act of war;
- (b) Relating to military or naval service;
- (c) Relating to aviation.

The commissioner may after notice and hearing prescribe reasonable rules and regulations relative to the use of provisions permitted by this section in respect to policies outstanding or hereafter issued.

(Added by Stats. 1943, Ch. 909.)

10207. The policy shall contain a provision that:

(a) The policy, the application of the employer and the individual applications, if any, of the employees constitute the entire contract of insurance.

(b) All statements made by the employer or by the individual employees are, in the absence of fraud, representations and not warranties.

(c) Such statements will not be used in defense to a claim under the policy, unless contained in a written application.

(Enacted by Stats. 1935, Ch. 145.)

10208. The policy shall contain a provision for the equitable adjustment of the premium or the amount of insurance payable in the event of a misstatement of the age of an employee.

(Enacted by Stats. 1935, Ch. 145.)

10209. (a) Except as provided by Sections 10203.5 and 10203.8, the policy shall contain a provision that the insurer will issue to the employer for delivery to the insured employee an individual certificate setting forth:

(1) A statement as to the insurance protection to which the employee is entitled and to whom payable.

(2) A provision that if the employment terminates for any reason whatsoever and the employee applies to the insurer within 31 days after the termination, paying the premium applicable to the class of risk to which he or she belongs and to the form and amount of the policy at his or her then attained age, he or she is entitled, without producing evidence of insurability, to the issue by the insurer of any individual life policy in any one of the forms, other than term insurance, customarily issued by the insurer.

(3) A statement that the policy in lieu of group insurance will be in an amount equal to the amount of his or her protection under the group insurance at the time of the termination.

(4) A provision that if the employee dies during the 31-day period within which he or she is entitled to have an individual policy issued to him or her in accordance with this section and before the policy shall have become effective, the amount of life insurance that the employee is entitled to have issued to him or her under the individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium therefor has been made.

(b) If any employee insured under a group life insurance policy delivered in this state becomes entitled under the terms of the policy to have an individual policy of life insurance issued to him or her without evidence of insurability, subject to making of application and payment of the first premium within the period specified in the policy, and if the employee is not given notice of the existence of the right at least 15 days prior to the expiration date of the period, the employee shall have an additional period within which to exercise the right, but nothing in this section shall be construed to continue any insurance beyond the period provided in the policy. This additional period shall expire 25 days next after the employee is given the notice but in no event shall the additional period extend beyond 60 days next after the expiration date of the period provided in the policy. Written notice presented to the employee or mailed by the policyholder to the last-known address of the employee or mailed by the insurer to the last-known address of the employee as furnished by the policyholder shall constitute notice for the purpose of this section.

(c) Paragraphs (2) and (4) of subdivision (a), and subdivision (b), shall apply to any insurance issued pursuant to Section 10203.4 on the life of a spouse of an employee.

(d) The contract of insurance and individual certificate may contain provisions defining the extent to which the employer acts as the agent of the employee or may act as the agent of the insurer.

(Amended by Stats. 2006, Ch. 538, Sec. 469. Effective January 1, 2007.)

10209.1. An individual certificate shall be individualized, except that in the case of an individual certificate issued under a group policy which requires no regular contribution toward the payment of the premium to be made by the employees covered thereunder, such individual certificate need not be individualized if it is in a form setting forth a clear statement of the conditions of eligibility from which the employee can determine the circumstances under which he is insured under the master policy.

An individual certificate shall be deemed to be "individualized," within the meaning of this section, if it contains either the name of the employee covered or some other means of identifying to the employee covered that it is his individual certificate.

(Added by Stats. 1955, Ch. 1729.)

10209.3. (a) Subject to the terms of the policy, or pursuant to an agreement between the insured, the group policyholder, and the insurer, any person insured under a group life insurance policy may make to any person, other than the policyholder, an assignment of all or any part of the incidents of ownership conferred on him or her by the policy or by law, including specifically, but not by way of limitation, the right to exercise the conversion privilege and the right to name a beneficiary.

The enactment of this section made at the 1969 Regular Session of the Legislature does not constitute a change in, but is declaratory of, the existing law.

(b) Notwithstanding subdivision (a), any person who has been diagnosed with a terminal illness shall have the right to make an absolute assignment for value of his or her interest in a policy or certificate of life insurance.

(c) The right of assignment in subdivision (b) shall not extend to situations in which the benefits of the policy or certificate of life insurance are used as collateral for a loan.

(d) The viatical broker shall notify the spouse of a terminally ill viator of the viatication.

(Amended by Stats. 1997, Ch. 440, Sec. 2. Effective January 1, 1998.)

10210. The policy shall contain a provision that to the groups or classes originally insured there will be added from time to time all new employees of the employer eligible for insurance in such groups or classes, except that the policy may provide that if the premium is paid by the employer and employees jointly any employee who fails to request insurance during the period of eligibility following his employment as prescribed by the policy shall not be insured until he has furnished evidence of insurability satisfactory to the insurer.

(Amended by Stats. 1945, Ch. 513.)

10210.5. Whenever any provision of this chapter requires the payment of a premium by any person, such requirement relates to the responsibility for the payment of the premium and not to the transmission or collection of the premium or premium contributions. Such transmission or collection shall be performed by the policyholder, except where the policy specifies the persons other than the policyholder by whom such transmission or collection shall be made, and in one of the following situations:

(a) If such policy covers the employees of more than one employer, the insurer may collect premium contributions from individual employers whose employees are insured or may assist the policyholder in making such collections. If the employees of more than 100 such employers are covered under such policy, it shall state as a separate part of the premium to be charged for the policy the amount to be charged by the insurer for such collection.

(b) If the policy covers a group of governmental employees and the governmental unit paying such employees will not transmit their premium contribution after pay roll deduction, the insurer may collect from the individual employees. If more than 100 such employees are covered under such policy, it shall state as a separate part of the premium to be charged for the policy the amount to be charged by the insurer for such collection.

(c) If individual members of the group make payment of their share of the premium contribution to the insurer without billing or solicitation by the insurer during a period of temporary absence from active work of not exceeding 90 days, such payment may be received without the necessity of any separately stated charge by the insurer.

(Added by Stats. 1953, Ch. 624.)

10211. Policies of group life insurance may conform to the following conditions, any other provisions of this chapter notwithstanding:

(a) When issued in this State by any foreign insurer, they may contain any provision required by the law of the State under which the insurer is organized.

(b) When issued in other States or countries by domestic insurers, they may contain any provision required by the laws of the State, or country, in which they are issued.

(c) They may contain provisions on any of the requirements set forth in sections 10205 to 10210, which, in the opinion of the commissioner, are more favorable to the employer or to the employee than the required provisions.

(Enacted by Stats. 1935, Ch. 145.)

10212. Except as provided in this chapter, in every group policy issued by a domestic life insurer, the employer is the policyholder for all purposes within the meaning of this code. If entitled to vote at meetings of the insurer, he shall be entitled to one vote.

(Enacted by Stats. 1935, Ch. 145.)

10214. If hereafter any dividend is paid or any premium refunded under any policy of group life insurance heretofore or hereafter issued, the excess, if any, of the aggregate dividends or premium refunds under such policy over the aggregate expenditures for insurance under such policy made from funds contributed by the policyholder, or by an employer of insured persons or by union or

association to which such insured persons belong, including expenditures made in connection with the administration of such policy, shall be applied by the policyholder for the benefit of such insured employees generally or their dependents or insured members generally or their dependents. For the purpose of this section and at the option of the policyholder, "policy" may include all group life and disability insurance policies of the policyholder.

(Added by Stats. 1953, Ch. 1746.)