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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 3. Burial Contracts [10240 - 10252] (*Chapter 3 enacted by Stats. 1935, Ch. 145.*)

10240. A "funeral insurance contract" is a life policy embodying an agreement, for a valuable consideration, to embalm or dispose of, or expressly to procure or pay or to provide funds for, in whole or in part, the embalming or disposal of the remains of any person living at the time of the issuance of such policy.

(Repealed and added by Stats. 1947, Ch. 557.)

10242. The provisions of this chapter shall apply to all funeral insurance contracts issued or delivered in this State upon the life of any person in this State and to any insurer issuing or delivering such contracts in this State upon the life of any person in this State.

(Repealed and added by Stats. 1947, Ch. 557.)

10244. Anything in this code or elsewhere to the contrary notwithstanding, no funeral insurance contract shall be issued or delivered in this State upon the life of any person in this State unless it contains in substance the following provisions:

(1) A provision that the insured, after three months' premiums have been paid, is entitled to a period of grace not less than 30 days within which to make payment of any subsequent premium, subject to the option of the insurer to make an interest charge, not in excess of 6 percent per annum, for the number of days of grace elapsing before the payment of the premium; during said period of grace the policy shall continue in full force. But in case the policy becomes a claim during the said period, the amount of such unpaid premiums, with interest thereon, may be deducted from the amount payable under the policy in settlement thereof.

(2) A provision that the policy shall be incontestable after it has been in force during the lifetime of the insured for a period of two years from its date of issue or from the date of any reinstatement thereof except for suicide, nonpayment of premiums or the violation of the conditions of the policy relating to military or naval service in time of war.

(3) A provision that the policy, the application therefor and any rider attached to the policy, shall constitute the entire contract between the parties; a copy of such application shall be endorsed upon or attached to the policy when issued. An application for reinstatement, if any, shall be a part of said contract even though not attached thereto. Such policy shall not incorporate therein, by reference or otherwise, the constitution, by-laws, or rules or regulations of any organization whatsoever. No insurer or society, including any society operating under Chapter 10 of Part 2 of Division 2 of this code, operating under any law which requires such incorporation shall issue or deliver funeral insurance contracts in this State.

(4) A provision that all statements made by the insured in his application for the policy or reinstatement thereof, shall, in the absence of fraud, be deemed representations and not warranties.

(5) A provision that if the age of the insured has been misstated in the policy or application thereof, the amount payable under the policy shall be such as the premium provided for therein would have purchased at the correct age.

(6) A provision that before the insurer may pay the proceeds of such policy or any portion thereof to any undertaker or funeral director designated in the policy for funeral services or miscellaneous expenses in connection therewith, the insurer shall require proof satisfactory to it that the services and expenses have been rendered and if proof of rendition of services and expenses is not furnished within 30 days after demand is made upon the insurer for such payment and in any event within one year from the date of the insured's death, the insurer shall pay the proceeds of such insurance to the beneficiary designated in the policy, and if no beneficiary is so designated, to the estate of the insured or to any person, other than to such undertaker or funeral director,

appearing to the insurer to be equitably entitled to all or any portion of the proceeds by reason of having incurred expense or furnished funeral services for the insured, to the extent of the expense incurred or services furnished.

(7) A provision granting the insured the right at any time during his lifetime to change the funeral director designated in the policy, if one be designated.

(8) If an insurer issuing any such funeral insurance contract is subject to a provision in the laws under which it operates or in its constitution or charter, to the effect that any person purchasing such contract would be subject to additional assessments, premiums or calls other than the premium stated in the contract, then that fact shall be prominently displayed on the application for, and in such contract when issued.

(Added by Stats. 1947, Ch. 557.)

10246. All funeral insurance contracts shall be subject in all respects to the provisions of Sections 10150 to 10167 inclusive, and of Sections 10478 to 10489.6 inclusive of this code.

(Added by Stats. 1947, Ch. 557.)

10247. Limited death benefit insurance contracts may be issued and delivered in this state upon the life of any person in this state who makes premium payments over a period of time to purchase a funeral insurance policy. Those policies shall be subject to the disclosure requirements of this chapter.

(Added by Stats. 1995, Ch. 340, Sec. 1. Effective January 1, 1996.)

10248. (a) Except as permitted in Section 10247, no funeral insurance contract issued or delivered in this state upon the life of any person in this state shall contain any provision scaling down or reducing the benefits payable below the face amount of the policy. The provisions of this section, however, shall not apply to a reduction of the benefit payable because of a misstatement of the age in the policy or application therefor, nor to the suicide, military or naval service or war provisions of the policy, if any, nor to contestability of the policy, nor to a policy issued on the life of a juvenile.

(b) If a limited death benefit insurance contract is issued under Section 10247, the limited death benefit period shall not exceed two years.

(Amended by Stats. 1995, Ch. 340, Sec. 2. Effective January 1, 1996.)

10250. No funeral insurance contract shall be issued or delivered in this State except by an admitted insurer issuing policies on a legal reserve basis.

(Added by Stats. 1947, Ch. 557.)

10252. No person shall sell or offer for sale any such funeral insurance contract in this state unless he or she is licensed as a life agent pursuant to the provisions of Chapter 5 (commencing with Section 1621).

(Amended by Stats. 1982, Ch. 454, Sec. 106.)