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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 5. General Regulation of Life Insurers [10430 - 10509.946]** ( *Chapter 5 enacted by Stats. 1935, Ch. 145.*  )

**ARTICLE 1. Restrictions on Business [10430 - 10436]** ( *Article 1 enacted by Stats. 1935, Ch. 145.*  )

**10430.** An admitted life insurer shall not issue or deliver in this State, any securities or any special or advisory board or other contracts of any kind promising returns and profits as an inducement to insurance nor shall it permit its agents, officers or employees to do so.

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

**10431.** A life insurer which, as an inducement to insurance, issues or permits its agents, officers, or employees to issue any such securities or contracts in this State or any other State shall not be admitted.

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

**10432.** A corporation or stock company, acting as agent of a life insurer and its agents, officers, or employees shall not sell, agree or offer to sell, or give or offer to give, directly or indirectly, any such securities or contracts as an inducement to insurance or in connection therewith.

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

**10433.** Upon proof, after notice and hearing, that any such insurer or agent has violated any of the provisions of sections 10430, 10431, or 10432, the commissioner shall revoke the certificate of authority or license of the insurer or agent so offending.

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

**10434.** (a) An admitted life insurer shall not pay or contract to pay, directly or indirectly, to any of the parties specified in subdivision (b) any commission or other compensation contingent upon any of the following acts:

(1) The writing or procuring of any policy of life, disability or both classes of insurance issued by the insurer.

(2) Procuring an application therefor by any person.

(3) The payment of any renewal premium or the assumption of any life, disability or both of these classes of insurance by the insurer.

(b) It shall not pay this compensation to:

(1) Its president.

(2) Its vice president.

(3) Its secretary.

(4) Its treasurer.

(5) Its actuary.

(6) Its medical director or other physician charged with the duty of examining risks or applications for any of these classes of insurance.

(7) Any member of its board of directors, except when that compensation to be paid to the director would be less than the lesser of 1 percent of the insurer's statutory net gain from operations or 1 percent of commissions on premiums and annuity considerations for the preceding calendar year. This exception shall not apply when more than two of the members of the board of directors of the insurer, when the total number of board members is more than 10, or more than one of the members of the board of directors of the insurer, when the total number of board members is less than 10, would receive that compensation, nor shall this exception apply to any director who has served more than two years as a director. Any director receiving compensation pursuant to this paragraph shall be ineligible to vote on all matters directly relating to that compensation and shall not be counted for purposes of a quorum as to those matters.

(8) Any officer of the insurer other than its agent or solicitor.

(c) Nothing in this article shall prevent the payment of compensation to an officer of the insurer based upon the aggregate amounts of insurance issued by the insurer, or issued and in force, during any specified period if the officer is not directly responsible for recommending, underwriting, rating, or otherwise approving the acceptability of insurance risks.

*(Amended by Stats. 1986, Ch. 1139, Sec. 1.)*

**10435.** Whenever any insurer violates Section 10434, the commissioner may revoke its certificate of authority or refuse to issue a certificate of authority to that insurer.

*(Amended by Stats. 1986, Ch. 1139, Sec. 2.)*

**10436.** An admitted life insurer may issue a rider to a policy of life insurance for the purpose of providing coverage for long-term care, if the rider has been reviewed and approved, in a manner similar to that of other long-term care insurance products, by the commissioner.

*(Added by Stats. 1988, Ch. 1015, Sec. 1.)*