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INSURANCE CODE - INS

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

PART 4. MISCELLANEOUS CASUALTY INSURANCES [12050 - 12129] (Part 4 enacted by Stats. 1935, Ch. 145.)

CHAPTER 3. Group and Individual Plans for Legal Insurance [12125 - 12129] (Chapter 3 added by Stats. 1974, Ch. 1161.)

12125. (a) Subject to the provisions of this chapter, any insurer admitted to transact any class of insurance in this state, other than title insurance, mortgage insurance, or mortgage guaranty insurance, may transact legal insurance if it has a minimum paid-in capital and surplus of not less than one million dollars (\$1,000,000), provided that the paid-in capital shall not be less than five hundred thousand dollars (\$500,000), notwithstanding the paid-in capital and surplus requirements of Sections 700.01, 700.02, 10510, and 10511, respectively.

(b) Any insurer not admitted to transact any other class of insurance in this state may be admitted to transact legal insurance if it has the paid-in capital and surplus required by subdivision (a).

(c) As used in this section, "surplus" means the excess of admitted assets over the sum of (1) liabilities for losses reported, expenses, taxes, and all other indebtedness and reinsurance of outstanding risks as provided by law, and either (2) paid-in capital, in the case of an insurer issuing or having outstanding shares of capital stock, or (3) minimum paid-in capital required by this section, in the case of any other insurer.

(Added by renumbering Section 12120 (as amended by Stats. 1976, Ch. 1079) by Stats. 1995, Ch. 91, Sec. 99. Effective January 1, 1996.)

12126. Group legal insurance shall mean that form of legal insurance covering groups of persons as defined in this chapter with or without one or more of their dependents and issued upon one of the following bases:

(a) Under a policy issued to an employer insuring employees of the employer;

(b) Under a policy issued to a labor union insuring members of the union;

(c) Under a policy issued to the trustees of a fund established by two or more employers in the same industry or by one or more labor unions or by one or more employers and one or more labor unions, which trustees shall be deemed the policyholder insuring employees of the employers or members of the union;

(d) Under a policy issued to any other organization or combination of organizations, incorporated or otherwise, (including professional associations, trade associations, or other organizations) whose members have common concerns or problems, or have joined together as a means for bargaining for a particular position, or have voluntarily formed or become members of an organization designed to perform a service for its members, or any other substantially similar organization, excluding an organization or combination of organizations that is formed or maintained solely for the purposes of obtaining insurance.

(Added by renumbering Section 12121 (as amended by Stats. 1974, Ch. 1161) by Stats. 1995, Ch. 91, Sec. 100. Effective January 1, 1996.)

12127. Group and individual legal insurance may be offered in this state subject to all the following conditions:

(a) Premium rates shall comply with any pertinent standards in this code, including the standards that rates not be excessive, inadequate, or unfairly discriminatory. Rates for group legal insurance shall not be deemed to be unfairly discriminatory because different premiums result for policyholders with like loss exposures but different expense factors, or like expense factors but different loss exposures, so long as the rates reflect the difference with reasonable accuracy. Rates shall not be considered to be unfairly discriminatory if they are averaged broadly among persons insured under a group legal insurance plan.

(b) No policy or certificate of legal insurance may be delivered or issued for delivery in this state unless and until a copy of the form thereof has been filed with the commissioner. However, this subdivision shall apply only to an insurer for a two-year period immediately following the date upon which it files its first policy or certificate of legal insurance with the commissioner.

(c) No policy of group legal insurance may be delivered or issued for delivery in this state unless it contains a provision that the insurer shall issue to the person in whose name the policy is issued, for delivery to each member of the insured group, a certificate

setting forth in a summary form a statement of the essential features of the insurance coverage and to whom benefits thereunder are payable. If dependents are included in the coverage, only one certificate need be issued for each family unit. Any certificates delivered to members of an insured group pursuant to this subdivision shall be required to be "individualized" within the meaning of that term as it is defined by Section 10270.63 only if members of the group contribute to the payment of the legal insurance premiums.

(Added by renumbering Section 12122 (as amended by Stats. 1974, Ch. 1161) by Stats. 1995, Ch. 91, Sec. 102. Effective January 1, 1996.)

12128. In every group legal insurance plan, the employer, labor union, trustees, or other person to whom a group legal insurance plan policy is issued shall be the policyholder for all purposes of entering into, amending, or terminating any contract of legal insurance, administering any legal insurance plan, and exercising any voting rights to which the policyholder is entitled. If entitled to vote at meetings of the insurer, such policyholder shall be entitled to one vote.

(Added by renumbering Section 12123 by Stats. 1995, Ch. 91, Sec. 103. Effective January 1, 1996.)

12129. The provisions of this chapter shall be enforced by the commissioner, and he may, after notice and public hearing, promulgate such reasonable rules and regulations as are necessary to administer this chapter.

(Added by renumbering Section 12124 by Stats. 1995, Ch. 91, Sec. 104. Effective January 1, 1996.)