

CALIFORNIA SENATE BILL 620 GUIDELINES

California has enacted a broad new set of requirements, most of which are effective January 1, 2004, that will impact life, annuity, long term care, and/or disability product advertising, sales or lead generation geared to seniors, age 60 or 65 and older, depending upon the specific activity.

SALES PRESENTATIONS

Any person who meets with a senior in the senior's home, including an agent, broker, producer, or representative who offers life insurance or annuities for sale (long term care and disability insurance are exempt from this part), or generates leads for sale to senior insureds (aged 65 and older) or prospective insureds in the senior's home, must follow the requirements outlined below.

Requirements Before the Visit:

- You must deliver a company-approved notice, or one that is "substantially similar," *in writing* to the senior no less than 24 hours prior to the initial meeting in the senior's home. California mandates that the entire form be in 14-point font. It is the agent's responsibility to use either a company-approved notice or one which is "substantially similar" to that required by California law. Please be aware that if agents use a company name or product on this disclosure form, the entire form must be reviewed and approved as advertising by the Company's home office prior to use.
- If the senior has an existing business relationship with an insurance agent and requests a meeting with the agent in his or her home the same day, the notice shall be delivered to the senior prior to the meeting.

Please note that no sale or order for the sale of a life insurance policy, annuity, or long term care insurance policy may be made at the residence of a senior, either in person or by telephone, by using any plan, scheme, or ruse that misrepresents the true status or mission of the contact.

Requirements During the Visit:

Upon meeting the senior in his or her home and before making any statement other than a greeting or asking the senior any questions, agents, producers, or representatives must state:

- 1) That the purpose for the initial visit, or any follow-up visit, is to sell insurance;
- 2) The names and titles of all persons arriving at the senior's home; and
- 3) The name(s) of the insurer(s) represented by the person.

In addition, each person meeting with a senior shall provide him or her with a business card or other written identification that includes a name, business address, telephone number, and an insurance license number, if applicable. Should the senior end the discussion and ask the representative to leave, he or she *must* do so immediately.

ADVERTISEMENTS

Any advertisement or other device that is directed toward individuals aged 65 and older, which is designed to produce leads based on a response from a potential insured, shall *prominently* disclose that an agent may contact the applicant if that is the fact.

In addition, the following requirements, previously only applicable to disability insurance, now apply to life, annuity and long term care insurance product sales to seniors:

- No insurer, agent, broker, solicitor, or other person or other entity shall solicit persons aged 65 and older in this state for the purchase of disability insurance, life insurance, or annuities, through the use of a true or fictitious name, which is deceptive or misleading with regard to the status, character, or proprietary or representative capacity of the entity or person, or to the true purpose of the advertisement.
- For purposes of this section, an advertisement includes envelopes, stationery, business cards, or other materials designed to describe and encourage the purchase of a policy or certificate of disability insurance, life insurance, or an annuity.

Finally, in addition to any other prohibition on untrue, deceptive, or misleading advertisements, no advertisement for an event where insurance products will be offered for sale may use the terms "seminar," "class," "informational meeting," or substantially equivalent terms to characterize the purpose of the public gathering or event unless it includes the words "and insurance sales presentation" immediately following those terms in the same type size and font.

COMMISSIONS

California law now prohibits insurance agents, brokers, and solicitors who are not attorneys from sharing commissions or other compensation with attorneys. With this in mind, we will continue processing business in our normal fashion. However, please be aware that the law is unclear as to whether this prohibition applies to attorneys who are also licensed insurance agents.

For purposes of this section, "commission or other compensation" means monetary or non-monetary compensation of any kind relating to the sale or renewal of an insurance policy or certificate or an annuity, including but not limited to, a bonus, gift, prize, award, or finder's fee.

MEDI-CAL ELIGIBILITY

This bill prohibits the sale of an annuity to a senior in any of the circumstances listed below.

- The senior's purpose in purchasing the annuity is to affect Medi-Cal eligibility and either of the following is true:
 - The purchaser's assets are equal to or less than the community spouse resource allowance established annually by the State Department of Health Services, pursuant to the Medi-Cal Act.
 - The senior would otherwise qualify for Medi-Cal.
- The senior's purpose in purchasing the annuity is to affect Medi-Cal eligibility and, after the purchase of the annuity, the senior or the senior's spouse would not qualify for Medi-Cal.

In the event that a fixed annuity in the circumstances specified above is issued to a senior, the Company shall rescind the contract and refund all premiums, fees, any interest earned under the terms of the contract, and costs paid for the annuity to the purchaser. This remedy shall be in addition to any other remedy that may be available.

POLICY DISCLOSURE FOR VARIABLE PRODUCTS

Please note: These provisions do not become effective until July 1, 2004. Also, for the purpose of this section, a senior citizen is defined as aged 60 and older.

During the 30-day cancellation period, the premium for a variable life or annuity product may be invested only in fixed-income investments and money-market funds, unless the investor specifically directs that the premium be invested in the mutual funds underlying the variable policy or contract.

Return of the policy within the 30-day cancellation period shall have one of the following effects:

- In the case of individual variable life insurance policies and annuity contracts, for which the owner has not directed that the premium be invested in the mutual funds underlying the contract during the cancellation period, return of the policy during the cancellation period will render the policy void from the beginning, and the parties shall be in the same position as if no policy had been issued. All premiums paid and any policy fee paid for the policy shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the owner has canceled the policy.
- In the case of a variable policy or contract for which the owner has directed that the premium be invested in the mutual funds underlying the contract during the 30-day cancellation period, cancellation shall entitle the owner to a refund of the account value. The account value and policy fee shall be refunded by the insurer to the owner within 30 days from the date that the insurer is notified that the owner has canceled the contract.

It is the licensed agent's responsibility to comply with these requirements in California. Failure to do so is a violation and could lead to termination by an insurance company and prosecution by the California Insurance Department. Please read SB 620 in its entirety for details.

California Senior Sales Presentation Disclosure

During this visit or a follow-up visit, you will be given a sales presentation on the following (indicate all that apply):

- Life insurance, including annuities
 - Other insurance products (specify):
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I wanted to make you aware of certain rights you have at this visit:

1. You have the right to have other persons present at the meeting, including family members, financial advisors or attorneys.
2. You have the right to end the meeting at any time.
3. You have the right to contact the Department of Insurance for information, or to file a complaint.

**California Department of Insurance
Consumer Communications Bureau
1-800-927-4357 or 1-213-897-8921
The hotline hours are from 8am – 6pm,
Monday-Friday (except holidays)**

The following individuals will be coming to your home:

Agent/Attendee name	Insurance License Information
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