

## Assembly Bill No. 2084

### CHAPTER 321

An act to amend Sections 10270, 10270.2, and 10270.3 of, and to add Section 10270.2.5 to, the Insurance Code, relating to insurance.

[Approved by Governor September 14, 2012. Filed with  
Secretary of State September 14, 2012.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 2084, Solorio. Blanket insurance.

Existing law provides that blanket insurance is that form of insurance providing coverage for specified circumstances and insuring by describing all persons within a class of persons defined in a policy issued to a master policyholder, and not by specifically naming the persons covered. Under existing law, the permitted types of blanket insurance are those where the blanket policy is issued to specified entities, including, but not limited to, a volunteer fire company providing benefits to members only in the event of accident incurred while performing actions incident to such membership and a proprietor or sponsor of an organized camping institution providing benefits to campers or persons responsible for their support for death or dismemberment resulting from accident, or for hospital, medical, surgical, or nursing expenses resulting from accident or sickness related to the camper's specified connection with the camping institution.

This bill would revise and recast those above entities to instead include (1) a volunteer or governmental fire department, emergency medical services company, or similar volunteer or governmental organization providing benefits to members or participants only in the event of accident incurred while performing actions incident to an activity or operation sponsored or supervised by the department, company, or organization and (2) a sports team or camp, as specified, providing benefits to participants, campers, and other specified persons responsible for their support for death or dismemberment resulting from accident, or for hospital, medical, surgical, or nursing expenses resulting from specified accident or sickness related to the participants, campers, or other specified person's connection with the sports team or camp, as specified.

This bill would additionally specify other permitted types of blanket insurance, providing specified benefits, issued to specified entities that include, but are not limited to, (1) an employer providing accident benefits to any group of workers, dependents, or guests, limited by reference to specified hazards incident to activities or operations of the employer, (2) any common carrier or any operator, owner, or lessor of a means of transportation providing accident benefits to any specified group of persons who may become lessees or passengers limited by reference to travel status,

and (3) an entertainment production company providing accident benefits to any group of participants, volunteers, audience members, contestants, or workers while engaged in any activity or operation of the entertainment production company. The bill would authorize the person insured, when the premium is paid for these types of blanket insurance, to request a copy of the policy from the insurer.

Existing law prohibits a person from transacting any class of insurance business in this state without first being an admitted insurer. Under existing law, admission is secured by procuring a certificate of authority from the Insurance Commissioner. Existing law authorizes the above-described blanket policies, among others, to provide that the cost of the insurance coverage is required to be paid by either the policyholder, or the individuals insured or their parents or guardians, payable through the policyholder. Existing law prohibits a blanket policy from being issued until approved as to substance and form by the commissioner.

This bill would extend these provisions to the newly established permitted types of blanket insurance described above. The bill would require an insurer who intends to issue a policy according to these revised provisions to file, prior to issuance, any new language in that policy with the commissioner for approval. The bill would also authorize the commissioner to add to the list of entities that may be eligible to purchase blanket insurance for any risk or class of risks, relating to accident benefits, as defined, which may be properly eligible for blanket insurance. The bill would require the commissioner to issue and post on the commissioner's Internet Web site a letter order, as specified, each time the commissioner exercises his or her discretion to add an entity to the list of entities eligible to purchase blanket insurance, and would authorize the commissioner to withdraw the issuance of a letter order in accordance with a prescribed process.

The bill would make additional conforming, nonsubstantive changes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 10270 of the Insurance Code is amended to read:

10270. (a) This chapter shall not apply to workmen's compensation insurance, any policy of liability insurance with or without supplementary coverage, or any policy or contract of reinsurance.

(b) This chapter shall apply to selected group disability insurance as defined in Section 10270.97, except insofar as it is exempted from Section 10401.

(c) This chapter shall apply to each of the types of insurance enumerated in this subdivision that insure more than one person, except to the extent that the type of insurance may be exempted from compliance with particular portions of this chapter by the provisions of this chapter relating to that type of insurance.

The types of insurance that insure more than one person and that are hereby exempted from subdivision (c) of Section 10320 (but family expense

disability insurance only to the extent therein provided), and Section 10401 (but only to the extent in this chapter provided) are:

- (1) Blanket insurance, as defined in subdivision (a) of Section 10270.2.
- (2) Tuition refund insurance, as defined in Section 10270.1.
- (3) Group disability insurance, as defined in Sections 10270.5, 10270.505, and 10270.57.
- (4) Family expense disability insurance, as defined in Section 10270.7.
- (5) Unemployment compensation disability insurance, as defined in paragraph (6) of subdivision (a) of Section 10270.2.

SEC. 2. Section 10270.2 of the Insurance Code is amended to read:

10270.2. (a) Blanket insurance is that form of insurance providing coverage for specified circumstances and insuring by description all or nearly all persons within a class of persons defined in a policy issued to a master policyholder, and not by specifically naming the persons covered, by certificate or otherwise, although a statement of the coverage provided may be given, or required by the policy to be given, to eligible persons. The permitted types of blanket insurance are those where the blanket policy is issued to any of the following:

(1) A volunteer or governmental fire department, emergency medical services company, or similar volunteer or governmental organization providing benefits to members or participants only in the event of accident incurred while performing actions incident to an activity or operation sponsored or supervised by the department, company, or organization.

(2) A college, school, or other institution of learning, a school district or districts or school jurisdictional unit, or to the head, principal, or governing board of an educational unit who or which shall be deemed the policyholder; providing benefits to students without necessarily any restriction as to activity, time, or place, or to teachers or employees while performing actions incident to special duties, such as at camps, at summer playgrounds, or during tours or excursions; and providing benefits to students, teachers, or employees, and spouses and dependents of students, teachers, and employees, for death or dismemberment resulting from accident, or for hospital, medical, surgical, drug, or nursing expenses resulting from accident or sickness.

(3) A sports team, camp, or sponsor, or proprietor thereof, who shall be deemed the policyholder, providing benefits to sports team participants, campers, employees, officials, supervisors, or persons responsible for their support, for death or dismemberment resulting from accident or for hospital, medical, surgical, or nursing expenses resulting from accident, to those participants, campers, employees, officials, supervisors, or persons responsible for their support, or arising out of sickness of those participants, campers, employees, officials, supervisors, or persons responsible for their support, provided the accident or the first manifestation of sickness occurs while those participants, campers, employees, officials, supervisors, or persons responsible for their support are in or on the buildings or premises of the sports team or camp, or being transported between their homes and the sports team or camp, or while at any other place as an incident to sports

team- or camp-sponsored activities or while being transported to, from, or between those places.

(4) (A) A newspaper, farm paper, magazine, or other periodical publication, which shall be deemed the policyholder, providing benefits for independent contractors, such as carriers, newsboys, dealers, distributors, wholesalers, or others engaged in the sale, distribution, collecting for, or other activities pertaining to the marketing and delivery of the publication, including attendance at a coaching school or participation as a member of a trip organized, supervised, and sponsored as a reward for meritorious service, on account of loss resulting from accident or sickness, the benefit to be payable to the independent contractors or to their parents, guardians, or other persons responsible for their support.

(B) When the premium for the insurance is paid by the person insured, he or she may, upon request, obtain from the insurer in certificate form a copy of the policy.

(5) Any religious, charitable, recreational, educational, athletic, or civic organization, or branch thereof, which shall be deemed the policyholder, providing benefits to any group of members, employees, or participants for death or dismemberment or for hospital, medical, surgical, or nursing expenses resulting from accident incurred incident to specific hazards pertaining to any activity or activities or operations sponsored or supervised by, or on the premises of, the policyholder.

(6) An employer, a majority of the employees in this state of an employer, or both, upon application, to pay the benefits afforded by a voluntary plan of unemployment compensation disability insurance. Notwithstanding the provisions of Section 10113, the policy may incorporate by reference any of the appropriate provisions of Part 2 (commencing with Section 2601) of Division 1 of the Unemployment Insurance Code and the authorized regulations of the Director of Employment Development.

(7) An employer, who shall be deemed the policyholder, providing benefits to any group of workers, dependents, or guests, limited by reference to specified hazards incident to activities or operations of the policyholder, for death or dismemberment, or for hospital, medical, surgical, or nursing expenses, resulting from accident. When the premium for the insurance is paid by the person insured, he or she may, upon request, obtain from the insurer in certificate form a copy of the policy.

(8) Any common carrier or any operator, owner, or lessor of a means of transportation, who shall be deemed the policyholder, providing benefits to any group of persons who may become lessees or passengers, limited by reference to their travel status on that common carrier or that means of transportation, for death or dismemberment, or for hospital, medical, surgical, or nursing expenses, resulting from accident. When the premium for the insurance is paid by the person insured, he or she may, upon request, obtain from the insurer in certificate form a copy of the policy.

(9) An entertainment production company, who shall be deemed the policyholder, providing benefits to any group of participants, volunteers, audience members, contestants, or workers for death or dismemberment,

or for hospital, medical, surgical, or nursing expenses, resulting from accident while engaged in any activity or operation of the policyholder. When the premium for the insurance is paid by the person insured, he or she may, upon request, obtain from the insurer in certificate form a copy of the policy.

(b) A “blanket policy” is any disability policy of the nature herein described sold to any of the entities described in paragraphs (1) to (9), inclusive, of subdivision (a) that provides coverage for any group of persons within permitted categories defined in the policy. Policies referred to in paragraph (6) of subdivision (a) shall comply with the provisions of this section specifically referring thereto. Policies referred to in paragraphs (1) to (5), inclusive, or (7) to (9), inclusive, of subdivision (a) may provide that the cost of the insurance coverage shall be borne by either the policyholder, or the individuals insured or their parents or guardians, payable through the policyholder. In the absence of a policy provision excluding coverage for otherwise covered individuals who have not individually enrolled with the policyholder and undertaken to pay all or a specified portion of the premium allocable to the individual, the policy shall provide the described insurance for all who fall within the categories of covered individuals defined in the policy. The policy may, but is not required to, contain provisions requiring a minimum number of participating persons or a minimum percentage of participation before the policy is effective. In the absence of such a provision, coverage shall not be denied any individual otherwise eligible on those grounds.

(c) A policy described in paragraphs (1) to (5), inclusive, or (7) to (9), inclusive, of subdivision (a) shall not be issued until approved as to substance and form by the commissioner. The commissioner may, after notice and hearing, promulgate reasonable rules and regulations relating to the substance, form, and issuance of the policies that are necessary or desirable to preserve, insofar as applicable, standards of substance, form, and issuance comparable to the standards prescribed by this chapter that are applicable to other types of disability policies, and to further the purposes for which the policies are issued.

(d) A policy described in paragraph (6) of subdivision (a) shall not be issued until approved as to form by the commissioner. The commissioner may, after notice and hearing, promulgate reasonable rules and regulations relating to the form and issuance of the policies that do not affect the substance of the coverage, and that are necessary or desirable to preserve, insofar as applicable, standards of form and issuance comparable to the standards prescribed by this chapter that are applicable to other types of disability policies, and to further the purposes for which the policies are issued. Notwithstanding the provisions of Section 10113, the policy may incorporate by reference any of the appropriate provisions of Part 2 (commencing with Section 2601) of Division 1 of the Unemployment Insurance Code and the authorized regulations of the Director of Employment Development.

(e) A policy described in this section shall not constitute workers' compensation insurance, as defined in Section 109. A policy described in paragraphs (3),(5), (7), (8), or (9) of subdivision (a) shall not be marketed or sold as a substitute for health insurance coverage compliant with the requirements of the federal Patient Protection and Affordable Care Act (Public Law 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152).

(f) (1) An insurer that intends to issue a policy of blanket insurance authorized by the amendments to this section pursuant to the act adding this subdivision, or authorized pursuant to section 10270.2.5, using a policy form previously approved by the commissioner, where the only new language in the policy is the specification of the policyholder, covered persons, or the hazards or activities insured, shall file that new language with the commissioner prior to issuance of the policy. Submissions of documents containing variable text or blanks shall include complete lists of the variable wording or accurate descriptions of the material to be inserted in lieu of the variable wording or in the blanks of these documents.

(2) A policy using the new language shall not be issued until either 30 days expires without notice from the commissioner after the new language is filed, or the commissioner gives his or her written approval prior to that time. If the commissioner at any time notifies the insurer, in writing and specifying the reasons for his or her opinion, that the filed new language does not comply with the requirements of law, the insurer shall not issue any policy containing that language.

(3) Nothing in this subdivision shall be construed to provide separate authority for the commissioner to reopen review of previously approved policy forms.

SEC. 3. Section 10270.2.5 is added to the Insurance Code, to read:

10270.2.5. (a) In addition to the permitted types of blanket insurance issued to entities described in Section 10270.2, the commissioner may, in his or her discretion, add other entities that may be eligible to purchase blanket insurance for any class of risks relating to benefits for death or dismemberment, or for hospital, medical, surgical, or nursing expenses, resulting from accident which may be properly eligible for blanket insurance.

(b) (1) The commissioner may issue a letter order, and shall post the letter order on the Internet Web site of the Department of Insurance, any time he or she exercises discretion pursuant to subdivision (a) to add other entities that may be eligible to purchase blanket insurance. These letter orders shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) The commissioner may withdraw a letter order issued pursuant to this section in the manner described in subdivision (f) of Section 10291.5. A proceeding under this subdivision shall not be subject to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 4. Section 10270.3 of the Insurance Code is amended to read:

10270.3. (a) A blanket disability policy of a type permitted under paragraph (2) or (5) of subdivision (a) of Section 10270.2 may include either a coordination of benefits policy provision or a nonduplication of benefits policy provision, at the option of the policyholder.

(b) The essential features of any policy under paragraph (2) or (5) of subdivision (a) of Section 10270.2 shall be disclosed to the insured, or the parent or legal guardian of the insured, prior to enrollment in that policy. All disclosures shall state whether or not the benefits payable under the blanket insurance policy are subject to reduction, to the extent provided in the policy, if an individual insured thereunder is entitled to benefits, whether on an indemnity basis or on a provision-of-service basis, for hospital, medical, dental, or surgical expenses under any other valid and collectible individual, group, or blanket insurance policy or contract, hospital or medical service program, or group-practice prepayment plan, except for automobile medical payments insurance.

(c) The disclosure material shall be submitted to the commissioner for review with the blanket insurance policy.