

California Fraud Regulation

434NB

Date: March 23, 2023**Effective:** Immediately

California introduced a new regulation for insurance carriers that requires a fraud notice be provided to all clients who apply for a new policy, make a change to an existing policy, or file a claim.

The fraud notice is as follows:

For your protection California law requires the following to appear on this form "Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison."

This regulation went into effect January 1, 2023. California's Department of Insurance is asking insurance carriers to perform due diligence in meeting this new requirement as soon as possible. To be in compliance with this new regulation, Sammons Financial Group has created a 'Fraud Protection Endorsement' – form number SR100-CA. The new Fraud Protection Endorsement will be added to all California form kits on March 27, 2023. This endorsement must be shown to all clients that apply for a new life insurance policy or make a change on an existing policy in California. Note: It is not required to submit a copy of the endorsement to New Business/Policy Change.

In the future, we will be adding the fraud notice language to the California application and certain supplemental forms. Once that has been added, the separate endorsement will no longer be needed.

The REG:

1871.2. (a) An insurer who, in connection with any insurance application, contract, or provision of contract, prints, reproduces, or furnishes a form to any person upon which that person applies for a policy, seeks to make a change to an existing policy, or gives notice of a claim to the insurer or makes a claim against the insurer by reason of accident, injury, death, or other noticed or claimed loss, shall cause to be printed or displayed in comparative prominence with other content on the form, exclusive of schedules attached to the form, or an endorsement separate from the form, the statement: "Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison." This statement shall be preceded by the words: "For your protection California law requires the following to appear on this form" or other explanatory words of similar meaning.

Link to SB-1242 Insurance:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1242

For further information on these changes, contact your Managing General Agency (MGA) or your New Business or Policy Change Team.

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