

THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA

A. L. LATHROP
MANAGER

A. B. HERRICK
ASSISTANT MANAGER

315 MONTGOMERY STREET

SAN FRANCISCO 94104

TELEPHONE
986-0763 (415)

September 26, 1974

NO. 338

BULLETIN TO ALL MEMBERS:

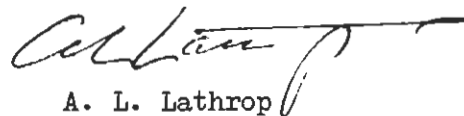
RE: AB 1234
Claims Made Policies
Notice to Insureds

Assembly Bill 1234 has been signed by the Governor and becomes law effective January 1, 1975.

The purpose of this bulletin is to alert the members to the notice required to be given to insureds as quoted in this law. The entire bill in final form is attached.

The bill is limited in its application to the practices of the Healing Arts (Doctors, Nurses, Chiropractors, etc. but excluding Hospitals) and to Lawyers.

Question has been raised concerning the requirements of a "prominent" and "conspicuous" legend or statement as called for in the bill. Following similar requirements it has been suggested by the Insurance Department that print type for the notice be not less than 10 point type. As in the statute, the caption "NOTICE" must be entirely in capital (upper case) letters; printing the text of the legend or statement in capital (upper case) letters, although not required by the statute, is permissible and would contribute to its prominence and conspicuousness.


A. L. Lathrop
Manager

Enc.

AMENDED IN SENATE MAY 15, 1974
AMENDED IN SENATE MAY 1, 1974
AMENDED IN ASSEMBLY MAY 28, 1973

CALIFORNIA LEGISLATURE—1973-74 REGULAR SESSION

ASSEMBLY BILL

No. 1234

Introduced by Assemblymen Wilson and Deddeh

April 12, 1973

REFERRED TO COMMITTEE ON FINANCE AND INSURANCE

*An act to add Section 11580.01 to the Insurance Code,
relating to professional liability insurance.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1234, as amended, Wilson (Fin. & Ins.). Insurance.

Provides that an insurer issuing specified professional liability insurance policies shall not issue or deliver such a policy unless the application or proposal therefor, and the policy itself, meet designated criteria.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

1 SECTION 1. Section 11580.01 is added to the
2 Insurance Code, to read:
3 11580.01. (a) A policy insuring against legal liability
4 arising from the rendering of professional services by an
5 insured licensed pursuant to the provisions of Division 2
6 (commencing with Section 500) of the Business and

1 Professions Code, or Chapter 4 (commencing with
2 Section 6000) of Division 3 of the Business and Professions
3 Code, and which generally limits the coverage thereof to
4 liability for only those claims that are first made against
5 the insured while the policy is in force, shall not be issued
6 or delivered to any person in this state unless the
7 application or proposal therefor complies with
8 subdivision (b) and the policy complies with subdivision
9 (c).

10 (b) The form of application or proposal for any such
11 policy described in subdivision (a) shall recite
12 prominently and conspicuously at the heading thereof
13 that it is an application or proposal for a claims-made
14 policy.

15 (c) Each such policy described in subdivision (a) shall
16 contain on the face page thereof a prominent and
17 conspicuous legend or statement substantially to the
18 following effect:

19
20
21

NOTICE

22 “Except to such extent as may otherwise be provided
23 herein, the coverage of this policy is limited generally to
24 liability for only those claims that are first made against
25 the insured while the policy is in force. Please review the
26 policy carefully and discuss the coverage thereunder
27 with your insurance agent or broker.”

28

29 *SEC. 2. The provisions of this act shall only apply to*
30 *policies issued or renewed after the effective date of the*
31 *act.*

O