

Senate Bill No. 1500

CHAPTER 920

An act to amend Section 11629.85 of the Insurance Code, and to amend, repeal, and add Section 4000.38 of, and to add Section 16058 to, the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2004. Filed with Secretary of State September 30, 2004.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1500, Speier. Vehicles: financial responsibility.

(1) Existing law establishes, until January 1, 2007, low-cost automobile insurance pilot programs for the County of Los Angeles and the City and County of San Francisco within the California Automobile Assigned Risk Plan. Existing law requires a person to meet certain requirements to be eligible for a low-cost automobile insurance policy under the pilot programs, including being in a household where the annual household income does not exceed 250% of the federal poverty level. Existing law requires these low-cost automobile insurance policies to include certain attributes, including offering coverage in specified amounts for bodily injury and property damage that results from an accident.

Existing law requires the Insurance Commissioner to report on an annual basis to the Senate and Assembly Committees on Insurance on certain aspects of the pilot program.

This bill would require the specified reports to include certain additional information.

(2) Existing law authorizes the department to suspend, cancel, or revoke the registration of a vehicle when it is determined that the vehicle registration was attained by providing false evidence of financial responsibility or upon notification by an insurance company that the required coverage has been canceled, as specified.

This bill, on and after January 1, 2006, would require, rather than authorize, the department to suspend, cancel, or revoke the registration under these circumstances.

This bill, on and after January 1, 2006, and for the duration of the specified low-cost automobile insurance pilot programs, would require the department to provide residents of Los Angeles County and San Francisco County with specified information regarding affordable automobile insurance on the suspension, cancellation, or revocation



notification document, in plain, bold type not less than 12 point in size, and in both English and Spanish.

(3) Existing law does not require each insurer to electronically report to the department all motor vehicle liability insurance policies issued within 30 days of the effective date of the coverage.

This bill would require each insurer, except as specified, on or before January 1, 2006, to use electronic reporting, and would require, on or before July 1, 2005, each insurer to advise the department of the method to be used for reporting. The bill would impose duties on the department in connection with this requirement and would specify the contents of the electronic reports. The bill, on and after January 1, 2006, would also require specified electronic reports to be made within 45 days of a change (termination, amendments, or cancellations) of information previously reported on a policy or amendment, as specified by the department. The bill would require the department to determine satisfactory evidence as to specified alternative forms of financial responsibility.

Because, under existing law, a violation of the Vehicle Code is a crime, this bill would impose a state-mandated local program by creating a new crime.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

SECTION 1. Section 11629.85 of the Insurance Code is amended to read:

11629.85. (a) On or before February 1 of each year, the commissioner shall prepare and propose a plan to the Senate and Assembly Committees on Insurance setting forth the methods the commissioner intends to implement to inform households eligible for the pilot program about the availability of low-cost automobile insurance. To be eligible for funding through the budget process, the plan shall be reviewed by the Senate and Assembly Committees on Insurance. The information required under subdivision (c) shall also be provided to the Senate and Assembly Committees on Transportation.

(b) The plan shall include, at a minimum, a brief description of methods proposed to be used, anticipated costs, sources of revenue, goals, targets, objectives, and a justification of the proposed methods. The plan shall also explain how the department proposes to work in



cooperation with the California Automobile Assigned Risk Plan, the social service departments of the Counties of Los Angeles and San Francisco, the Department of Motor Vehicles, and community-based organizations in order to inform eligible households of the existence of the pilot program.

(c) The plan shall also include all of the following:

(1) The commissioner's determination regarding whether the plan has been successful, based on the criteria specified in subdivision (d), and an explanation regarding that success or lack thereof.

(2) Structural characteristics of the plan that may require statutory revision in order for the plan to succeed or to improve upon existing success.

(3) Impediments to success of the plan that can reasonably be overcome by revision to the strategies adopted by the department and others.

(4) Administrative costs incurred by the low-cost automobile insurance program and participants in the program.

(d) The pilot program is successful if the following occur:

(1) The plan generated sufficient premiums to pay for the costs of medical care and property losses covered under the policy during the year.

(2) The plan served the public purpose of offering access to automobile insurance to otherwise underserved communities in the pilot program areas.

(3) The plan offered access to automobile insurance to previously uninsured motorists seeking affordable coverage in the pilot program areas.

(e) Any written or oral advertisements, including, but not limited to, paid or unpaid commercial or noncommercial advertising, by the department with reference to the low-cost automobile insurance pilot program shall reference the department and shall not reference the commissioner by name or office, or include the commissioner's voice, image, or likeness. The department shall not participate with any nongovernmental entity that produces or intends to produce advertisements or educational material that include the name of the commissioner or his or her voice, image or likeness, and that are intended to make eligible households aware of the existence of low-cost automobile insurance.

SEC. 2. Section 4000.38 of the Vehicle Code is amended to read:

4000.38. (a) The department may suspend, cancel, or revoke the registration of a vehicle when it determines that either of the following circumstances has occurred:



(1) The registration was obtained by providing false evidence of financial responsibility to the department.

(2) Upon notification by an insurance company that the required coverage has been canceled and a sufficient period of time has elapsed since the cancellation notification, as determined by the department, for replacement coverage to be processed and received by the department.

(b) Prior to suspending, canceling, or revoking the registration of a vehicle, the department shall notify the vehicle owner of its intent to suspend, cancel, or revoke the registration, and shall provide the vehicle owner a reasonable time, not less than 45 days in cases under paragraph (2) of subdivision (a), to provide evidence of financial responsibility or to establish that the vehicle is not being operated.

(c) Notwithstanding any other provision of this code, before a registration is reinstated after suspension, cancellation, or revocation, there shall, in addition to any other fees required by this code, be paid to the department a fee sufficient to pay the cost of the reissuance as determined by the department.

(d) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2006, deletes or extends that date.

SEC. 3. Section 4000.38 is added to the Vehicle Code, to read:

4000.38. (a) The department shall suspend, cancel, or revoke the registration of a vehicle when it determines that any of the following circumstances has occurred:

(1) The registration was obtained by providing false evidence of financial responsibility to the department.

(2) Upon notification by an insurance company that the required coverage has been canceled and a sufficient period of time has elapsed since the cancellation notification, as determined by the department, for replacement coverage to be processed and received by the department.

(3) Evidence of financial responsibility has not been submitted to the department within 30 days of the issuance of a registration certificate for the original registration or transfer of registration of a vehicle.

(b) (1) Prior to suspending, canceling, or revoking the registration of a vehicle, the department shall notify the vehicle owner of its intent to suspend, cancel, or revoke the registration, and shall provide the vehicle owner a reasonable time, not less than 45 days in cases under paragraph (2) of subdivision (a), to provide evidence of financial responsibility or to establish that the vehicle is not being operated.

(2) For the duration of the low-cost automobile insurance pilot programs established under Sections 11629.7 and 11629.9 of the Insurance Code, the department shall provide residents of Los Angeles County and San Francisco County with information on the notification



document, in plain, bold type not less than 12 point in size, and in both English and Spanish, stating the following:

“A program offering affordable automobile insurance to low-income households in Los Angeles County and San Francisco County has been established. To determine if you are eligible for this insurance, call (insert toll-free phone number for the California Automobile Assigned Risk Plan or its successor). This call is free to you and may be made during normal business hours, Monday through Friday, except holidays.”

(c) Notwithstanding any other provision of this code, before a registration is reinstated after suspension, cancellation, or revocation, there shall be paid to the department, in addition to any other fees required by this code, a fee sufficient to pay the cost of the reissuance as determined by the department.

(d) This section shall become operative on January 1, 2006.

SEC. 4. Section 16058 is added to the Vehicle Code, to read:

16058. (a) On or before July 1, 2005, each insurer that issues private passenger automobile liability insurance policies and coverages, or private passenger automobile policies and coverages issued by an automobile assigned risk plan, as those policies, coverages, and plans are described in paragraph (1) of subdivision (a) of Section 4000.37 shall advise the department of the electronic method to be used for reporting liability insurance information under subdivisions (b), (c), and (d). The department shall establish an electronic conversion schedule.

(b) On or before January 1, 2006, each insurer shall report all existing motor vehicle liability insurance policies or coverages described in subdivision (a) issued for vehicles registered in this state or to policyholders with a California address, to the department in a manner that preserves existing reporting relationships and that allows for smaller insurers and those with unusual circumstances to be accommodated, consistent with the intent of this section. Consistent with the intent of this section, a small insurer or those with unusual circumstances may be accommodated by, among other methods, an extension of the mandatory electronic reporting deadline set forth in this section to no later than July 1, 2006.

(c) On and after January 1, 2006, each insurer shall electronically report to the department all issued motor vehicle liability policies or coverages, as described in subdivision (a), within 30 days of the effective date of the coverage.

(d) On and after January 1, 2006, an insurer shall electronically report to the department the termination of a reported policy or any change of information previously reported under subdivision (b) or (c), as specified by the department, within 45 days of the date of termination



or change. This report shall include the effective date of the termination, amendment, or cancellation and any other information that does not exceed that required under subdivision (c).

(e) (1) Those persons with alternative forms of financial responsibility pursuant to subdivision (a), (c), (d), or (e) of Section 16021 shall provide satisfactory evidence of that responsibility as determined by the department.

(2) In addition, the department shall establish an alternative procedure for establishment of satisfactory evidence of financial responsibility to permit the timely renewal of vehicle registration when the electronic data has not been updated due to circumstances beyond the vehicle owner's immediate control. Those circumstances may include, but are not limited to, a vehicle identification error in either the department's or the insurer's records or insurance purchased too recently to have been electronically transmitted to the department. Whenever this alternative procedure is used, the department shall, subsequent to the issuance of the registration certificate and indicia, contact the insurer to obtain electronic data pursuant to subdivision (c).

(f) The department shall adopt regulations for reporting insurance information, including, but not limited to, establishing acceptable timeframes and approved methods for reporting information.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

