

AMENDED IN ASSEMBLY MARCH 25, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1024

Introduced by Assembly Member Hueso

February 18, 2011

~~An act to amend Section 6091 of the Insurance Code, relating to fire~~
An act to add Sections 1636 and 11629.86 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1024, as amended, Hueso. ~~Fire insurance: county mutual fire insurers.~~ *Insurance: low-cost automobile insurance: sales.*

Existing law establishes within the California Automobile Assigned Risk Plan a low-cost automobile insurance program in order to provide a means for eligible consumers to buy automobile insurance, as specified.

This bill would require the Department of Insurance to develop and maintain an Internet Web site through which the department would sell low-cost automobile insurance policies directly to eligible consumers, as provided, and would require that the commission paid by the insurer for those sales would be retained by the department and used for maintaining and improving the Internet Web site or for conducting low-cost automobile insurance program outreach.

~~Existing law authorizes the formation of county mutual fire insurers, as specified. Existing law authorizes an action to be brought and maintained against any such insurer by its members to recover for losses insured against by the insurer, if payment is withheld after the amount of those losses is determined, and is due by the terms of the policy.~~

~~This bill would make technical, nonsubstantive changes to that provision.~~

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

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

1 SECTION 1. Section 1636 is added to the Insurance Code, to
2 read:

3 1636. A license shall not be required under this chapter for
4 the department and the department’s employees to engage in the
5 sale of low-cost automobile insurance policies pursuant to Section
6 11629.86.

7 SEC. 2. Section 11629.86 is added to the Insurance Code, to
8 read:

9 11629.86. (a) The Department of Insurance shall develop and
10 maintain an Internet Web site through which it sells low-cost
11 automobile insurance policies directly to qualifying consumers.

12 (b) (1) Initial development of the Internet Web site shall be
13 funded with existing funds held by the department for consumer
14 outreach.

15 (2) The commission associated with any policy issued through
16 the Internet Web site that would otherwise be paid to a producer
17 pursuant to Section 11629.76 shall be retained by the department
18 for the sole purpose of maintaining and improving the Internet
19 Web site or for conducting low-cost automobile insurance
20 outreach.

21 (3) The commission collected by the department pursuant to
22 paragraph (2) shall not exceed the reasonable cost of maintaining
23 and improving the Internet Web site or for conducting low-cost
24 automobile insurance outreach.

25 (c) The department shall ensure that, through the Internet Web
26 site, it does all of the following:

27 (1) Provides all disclosures and other information required by
28 law that would otherwise be provided by a producer.

29 (2) Effectively educates consumers about the policy and its
30 limits.

31 (3) Collects any documents that it determines are necessary for
32 determining qualification for the policy, if any.

1 (4) *Has a system for creating an electronic certification of the*
2 *information provided by the consumer.*

3 (5) *Maintains safeguards to ensure that consumer information*
4 *transmitted through the Internet Web site is secure.*

5 (d) *The Internet Web site shall not be made available to the*
6 *public until the commissioner has made a determination that it*
7 *adequately provides all the necessary information a consumer*
8 *would need in order to purchase the policy. Upon this*
9 *determination, and notwithstanding any other law or regulation,*
10 *the Internet Web site shall be deemed an acceptable method by*
11 *which application for a low-cost automobile policy may be made.*

12 (e) *The Internet Web site shall be constructed to forward the*
13 *application, supporting documents, and the applicant's certification*
14 *to the California Automobile Assigned Risk Plan. The California*
15 *Automobile Assigned Risk Plan shall coordinate with the*
16 *department in order to develop a system for receiving and*
17 *assigning policies issued through the Internet Web site.*

18 (f) (1) *The Internet Web site shall accept payment by credit or*
19 *debit card or other form of electronic payment the department*
20 *determines to be appropriate. It shall also provide a mechanism*
21 *for payment by check.*

22 (2) *Prior to accepting payment and upon transmitting any*
23 *information from the consumer, the Internet Web site shall include*
24 *a clear explanation of whether the consumer will be afforded*
25 *insurance coverage upon payment and, if not, when the consumer*
26 *will receive coverage and how he or she will receive notice of*
27 *coverage.*

28 (g) *Any consumer who does not qualify for the low-cost*
29 *automobile insurance policy shall be given an option to be directed*
30 *to the department's auto insurance premium comparison Internet*
31 *Web page.*

32 (h) *The department shall make the Internet Web site available*
33 *in as many languages as it deems necessary, but this shall include*
34 *English and Spanish. The English and Spanish language sites shall*
35 *be made available to the public as soon as possible, irrespective*
36 *of whether other versions are finalized.*

37 ~~SECTION 1. Section 6091 of the Insurance Code is amended~~
38 ~~to read:~~

39 ~~6091. An action may be brought and maintained against any~~
40 ~~insurer by its members to recover for losses insured against by the~~

- 1 insurer, if payment is withheld after the amount of those losses is
- 2 determined, and is due by the terms of the policy.

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