

AMENDED IN ASSEMBLY APRIL 28, 2011

AMENDED IN ASSEMBLY MARCH 25, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1024**

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**Introduced by Assembly Member Hueso**

February 18, 2011

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An act to add Sections ~~1636 and 11629.86~~ *11629.86, 11629.87, and 11629.88* to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1024, as amended, Hueso. 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.~~

*This bill would authorize a California Automobile Assigned Risk Plan (plan) certified producer to accept and process an application to purchase low-cost automobile insurance policies through an Internet Web site, as provided. The bill would require the plan to coordinate with the Department of Insurance in order to develop a system for*

receiving and assigning policies issued through Internet Web sites, and would provide that the plan may request, and the department may include in its plan submitted to the Legislature the use of \$50,000 from the department’s existing consumer outreach fund for the sole purpose of implementing these provisions.

This bill would require the plan to contract with a certified producer, by way of an open bidding process, to develop and maintain an Internet Web site dedicated to accepting and processing low-cost automobile insurance policies, to be known as the Primary California Low-Cost Auto Web Site, as provided. The bill would also provide that the plan may request and the department may include in its plan submitted to the Legislature that up to \$100,000 from the department’s existing consumer outreach fund be made available for development of the Primary California Low-Cost Auto Web Site.

This bill would prohibit a low-cost automobile insurance policy applicant from being required to provide a copy of his or her, or other household member’s, driver’s license, if the department finds another suitable means of verifying the driver’s licensure.

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

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

1     SECTION 1. Section 11629.86 is added to the Insurance Code,  
 2     to read:  
 3     11629.86. (a) A California Automobile Assigned Risk Plan  
 4     certified producer may accept and process an application to  
 5     purchase a low-cost automobile insurance policy under the  
 6     program through an Internet Web site, in accordance with this  
 7     section and regulations adopted by the Department of Insurance  
 8     pursuant to this section.  
 9     (b) Any producer seeking certification to accept and process  
 10    low-cost automobile insurance policy applications through an  
 11    Internet Web site shall notify the California Automobile Assigned  
 12    Risk Plan of its intentions to do so prior to accepting any  
 13    applications to the program, and the producer’s Internet Web site  
 14    shall comply with the rules established by paragraphs (1) to (6),  
 15    inclusive, and paragraphs (8) and (9) of subdivision (c) of Section  
 16    11629.87.

1 (c) Prior to accepting payment and upon transmitting any  
2 information from the consumer, the producer's Internet Web site  
3 shall include a clear explanation of whether the consumer will be  
4 afforded insurance coverage upon payment and, if not, when the  
5 consumer will receive coverage and how he or she will receive  
6 notice of coverage.

7 (d) A producer accepting and processing applications through  
8 an Internet Web site shall be entitled to the same commission  
9 available to a producer selling a low-cost automobile insurance  
10 policy by any other means acceptable under the law.

11 (e) Any producer accepting and processing applications through  
12 an Internet Web site is subject to the laws and rules governing this  
13 program and is liable for any errors and omissions related to the  
14 transaction of insurance to the same extent as a producer selling  
15 a low-cost automobile insurance policy by any other means  
16 acceptable under the law.

17 (f) Any consumer information required by this article may be  
18 accepted by electronic means after the Department of Insurance  
19 adopts regulations implementing this section and only if the  
20 information is submitted in accordance with those regulations.

21 (g) The California Automobile Assigned Risk Plan shall  
22 coordinate with the Department of Insurance in order to develop  
23 a system for receiving and assigning policies issued through  
24 Internet Web sites.

25 (h) The California Automobile Assigned Risk Plan may request,  
26 and the Department of Insurance may include in its plan submitted  
27 pursuant to Section 11629.85 up to fifty thousand dollars (\$50,000)  
28 from the department's existing consumer outreach fund to be used  
29 for the sole purpose of implementing this section.

30 SEC. 2. Section 11629.87 is added to the Insurance Code, to  
31 read:

32 11629.87. (a) Subject to the approval of the commissioner,  
33 the California Automobile Assigned Risk Plan shall contract with  
34 a certified producer to develop and maintain an Internet Web site  
35 dedicated to accepting and processing low-cost automobile  
36 insurance policies, hereafter to be known as the Primary California  
37 Low-Cost Auto Web Site.

38 (b) The California Automobile Assigned Risk Plan may, with  
39 the approval of the Department of Insurance, authorize the  
40 contracted producer to use, for the period of the contract, the

1 department-owned Internet Web site domain name,  
2 <http://www.MyLowCostAuto.com>, or any other relevant domain  
3 names the Department of Insurance controls.

4 (c) The California Automobile Assigned Risk Plan shall ensure  
5 that the contracted producer, through the Primary California  
6 Low-Cost Auto Web Site, does all of the following:

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

9 (2) Effectively educates consumers about the policy and its  
10 limits.

11 (3) Collects any documents that are necessary for determining  
12 qualification for the policy, if any.

13 (4) Has a system for creating an electronic certification of the  
14 information provided by the consumer.

15 (5) Maintains safeguards to ensure that consumer information  
16 transmitted through the Internet Web site is secure.

17 (6) Provides the physical address of the producer and both  
18 telephonic and electronic contact information for the producer.

19 (7) Provides contact information, including the Internet Web  
20 site address, for other California Automobile Assigned Risk Plan  
21 certified producers, in order to offer prospective policyholders the  
22 opportunity to apply for the policy through a local producer.

23 (8) Provides contact information for the Consumer Services  
24 Division of the Department of Insurance.

25 (9) Adheres to any other rules and provides any other  
26 information required by Department of Insurance regulations  
27 adopted to promote the purpose of this section.

28 (d) The Primary California Low-Cost Auto Web Site shall not  
29 be made available to the public until the commissioner has made  
30 a determination that it adequately provides all the necessary  
31 information a consumer would need in order to purchase the  
32 policy. Upon this determination, and notwithstanding any other  
33 law or regulation, the Primary California Low-Cost Auto Web  
34 Site shall be deemed an acceptable method by which application  
35 for a low-cost automobile policy may be made.

36 (e) The Primary California Low-Cost Auto Web Site shall be  
37 constructed to forward the application, supporting documents,  
38 and the applicant's certification to the California Automobile  
39 Assigned Risk Plan.

1 (f) (1) *The Primary California Low-Cost Auto Web Site shall*  
2 *accept payment by credit or debit card or other form of electronic*  
3 *payment the Department of Insurance determines to be*  
4 *appropriate. It shall also provide a mechanism for payment by*  
5 *check.*

6 (2) *Prior to accepting payment and upon transmitting any*  
7 *information from the consumer, the Primary California Low-Cost*  
8 *Auto Web Site shall include a clear explanation of whether the*  
9 *consumer will be afforded insurance coverage upon payment and,*  
10 *if not, when the consumer will receive coverage and how he or*  
11 *she will receive notice of coverage.*

12 (g) *Any consumer who does not qualify for the low-cost*  
13 *automobile insurance policy shall be given an option to be directed*  
14 *to the Department of Insurance's auto insurance premium*  
15 *comparison Internet Web page.*

16 (h) *The contracted producer shall, in consultation with the*  
17 *California Automobile Assigned Risk Plan, make the Primary*  
18 *California Low-Cost Auto Web Site available in as many languages*  
19 *as is feasible, but this shall include English and Spanish. The*  
20 *English and Spanish language sites shall be made available to the*  
21 *public as soon as possible, irrespective of whether other versions*  
22 *are finalized.*

23 (i) *Notwithstanding any provision of Chapter 2 (commencing*  
24 *with Section 10290) of Part 2 of Division 2 of the Public Contract*  
25 *Code, the California Automobile Assigned Risk Plan shall solicit*  
26 *the contract to develop and maintain the Primary California*  
27 *Low-Cost Auto Web Site via an open bidding process; however,*  
28 *it shall not issue a request for proposals until the Department of*  
29 *Insurance has approved the request. The contract shall not be for*  
30 *more than three years, and 12 months before the expiration of the*  
31 *contract, the California Automobile Assigned Risk Plan shall*  
32 *determine whether to renew the contract or solicit bids for a new*  
33 *contract.*

34 (j) *Notwithstanding any relationship created between a producer*  
35 *and the California Automobile Assigned Risk Plan or the*  
36 *Department of Insurance as a result of this contract, any liability*  
37 *and duty associated with accepting and processing low-cost*  
38 *automobile insurance policies or with the Primary California*  
39 *Low-Cost Auto Web Site shall be solely attributable to the producer*  
40 *receiving this contract.*

1 (k) Notwithstanding any other law, the California Automobile  
2 Assigned Risk Plan, the Department of Insurance, or any other  
3 governmental agency may direct prospective low-cost automobile  
4 insurance policy applicants to the Primary California Low-Cost  
5 Auto Web Site.

6 (l) The California Automobile Assigned Risk Plan may request,  
7 and the Department of Insurance may include in its plan submitted  
8 pursuant to Section 11629.85 that up to one hundred thousand  
9 dollars (\$100,000) from the department’s existing consumer  
10 outreach fund be made available for the development of the  
11 Primary California Low-Cost Auto Web Site.

12 SEC. 3. Section 11629.88 is added to the Insurance Code, to  
13 read:

14 11629.88. An applicant shall not be required to provide a copy  
15 of the applicant’s or other household member’s driver’s license,  
16 if the Department of Insurance finds that there is another suitable  
17 means of verifying the driver’s licensure.

18 SECTION 1. ~~Section 1636 is added to the Insurance Code, to~~  
19 ~~read:~~

20 ~~1636. A license shall not be required under this chapter for the~~  
21 ~~department and the department’s employees to engage in the sale~~  
22 ~~of low-cost automobile insurance policies pursuant to Section~~  
23 ~~11629.86.~~

24 ~~SEC. 2. Section 11629.86 is added to the Insurance Code, to~~  
25 ~~read:~~

26 ~~11629.86. (a) The Department of Insurance shall develop and~~  
27 ~~maintain an Internet Web site through which it sells low-cost~~  
28 ~~automobile insurance policies directly to qualifying consumers.~~

29 ~~(b) (1) Initial development of the Internet Web site shall be~~  
30 ~~funded with existing funds held by the department for consumer~~  
31 ~~outreach.~~

32 ~~(2) The commission associated with any policy issued through~~  
33 ~~the Internet Web site that would otherwise be paid to a producer~~  
34 ~~pursuant to Section 11629.76 shall be retained by the department~~  
35 ~~for the sole purpose of maintaining and improving the Internet~~  
36 ~~Web site or for conducting low-cost automobile insurance outreach.~~

37 ~~(3) The commission collected by the department pursuant to~~  
38 ~~paragraph (2) shall not exceed the reasonable cost of maintaining~~  
39 ~~and improving the Internet Web site or for conducting low-cost~~  
40 ~~automobile insurance outreach.~~

- 1 ~~(e) The department shall ensure that, through the Internet Web~~  
2 ~~site, it does all of the following:~~
- 3 ~~(1) Provides all disclosures and other information required by~~  
4 ~~law that would otherwise be provided by a producer.~~
- 5 ~~(2) Effectively educates consumers about the policy and its~~  
6 ~~limits.~~
- 7 ~~(3) Collects any documents that it determines are necessary for~~  
8 ~~determining qualification for the policy, if any.~~
- 9 ~~(4) Has a system for creating an electronic certification of the~~  
10 ~~information provided by the consumer.~~
- 11 ~~(5) Maintains safeguards to ensure that consumer information~~  
12 ~~transmitted through the Internet Web site is secure.~~
- 13 ~~(d) The Internet Web site shall not be made available to the~~  
14 ~~public until the commissioner has made a determination that it~~  
15 ~~adequately provides all the necessary information a consumer~~  
16 ~~would need in order to purchase the policy. Upon this~~  
17 ~~determination, and notwithstanding any other law or regulation,~~  
18 ~~the Internet Web site shall be deemed an acceptable method by~~  
19 ~~which application for a low-cost automobile policy may be made.~~
- 20 ~~(e) The Internet Web site shall be constructed to forward the~~  
21 ~~application, supporting documents, and the applicant's certification~~  
22 ~~to the California Automobile Assigned Risk Plan. The California~~  
23 ~~Automobile Assigned Risk Plan shall coordinate with the~~  
24 ~~department in order to develop a system for receiving and assigning~~  
25 ~~policies issued through the Internet Web site.~~
- 26 ~~(f) (1) The Internet Web site shall accept payment by credit or~~  
27 ~~debit card or other form of electronic payment the department~~  
28 ~~determines to be appropriate. It shall also provide a mechanism~~  
29 ~~for payment by check.~~
- 30 ~~(2) Prior to accepting payment and upon transmitting any~~  
31 ~~information from the consumer, the Internet Web site shall include~~  
32 ~~a clear explanation of whether the consumer will be afforded~~  
33 ~~insurance coverage upon payment and, if not, when the consumer~~  
34 ~~will receive coverage and how he or she will receive notice of~~  
35 ~~coverage.~~
- 36 ~~(g) Any consumer who does not qualify for the low-cost~~  
37 ~~automobile insurance policy shall be given an option to be directed~~  
38 ~~to the department's auto insurance premium comparison Internet~~  
39 ~~Web page.~~

1     ~~(h) The department shall make the Internet Web site available~~  
2     ~~in as many languages as it deems necessary, but this shall include~~  
3     ~~English and Spanish. The English and Spanish language sites shall~~  
4     ~~be made available to the public as soon as possible, irrespective~~  
5     ~~of whether other versions are finalized.~~

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