

AMENDED IN ASSEMBLY MAY 11, 2011  
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**  
*(Coauthors: Assembly Members Solorio and Torres)*

February 18, 2011

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An act to add Sections 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 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 require the plan, subject to the approval of the Insurance Commissioner, to establish and maintain, or contract with an entity, by way of an open bidding process, to establish and maintain, an Internet Web site to refer or assign, at the consumer’s option, persons to certified agents or brokers, for the purchase of low-cost automobile insurance policy.* 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 program
- 6 through an Internet Web site, in accordance with this section and
- 7 regulations adopted by the Department of Insurance pursuant to
- 8 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 (e) 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 policy.  
32 Upon this determination, and notwithstanding any other law or  
33 regulation, the Primary California Low-Cost Auto Web Site shall  
34 be deemed an acceptable method by which application for a  
35 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, and  
38 the applicant's certification to the California Automobile Assigned  
39 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 appropriate.~~  
4 ~~It shall also provide a mechanism for payment by check.~~

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

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

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

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

33 ~~(j) Notwithstanding any relationship created between a producer~~  
34 ~~and the California Automobile Assigned Risk Plan or the~~  
35 ~~Department of Insurance as a result of this contract, any liability~~  
36 ~~and duty associated with accepting and processing low-cost~~  
37 ~~automobile insurance policies or with the Primary California~~  
38 ~~Low-Cost Auto Web Site shall be solely attributable to the producer~~  
39 ~~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 *SEC. 2. Section 11629.87 is added to the Insurance Code, to*  
 7 *read:*

8 *11629.87. (a) Subject to the approval of the commissioner,*  
 9 *the California Automobile Assigned Risk Plan shall establish and*  
 10 *maintain, or contract with an entity to establish and maintain, an*  
 11 *Internet Web site that shall provide members of the public with an*  
 12 *option for either of the following:*

13 *(1) Referral to a list of certified agents or brokers with an office*  
 14 *in the same geographic area as the consumer who may be*  
 15 *contacted to purchase a low-cost automobile insurance policy.*  
 16 *This list shall contain the name, address, telephone number, and,*  
 17 *if available, the e-mail address and Internet Web site of those*  
 18 *agents or brokers.*

19 *(2) Assignment to a randomly selected certified agent or broker*  
 20 *in the same geographic area as the consumer who can be accessed*  
 21 *online to process and accept an application to purchase a low-cost*  
 22 *automobile insurance policy. The assigned agent or broker shall*  
 23 *be subject to the conditions specified in Section 11629.86.*

24 *(b) The plan may, with the approval of the Department of*  
 25 *Insurance, authorize the use, for a designated period of time, of*  
 26 *the department-owned Internet Web site domain name*  
 27 *<http://www.mylowcostauto.com>, or any other relevant domain*  
 28 *names controlled by the Department of Insurance, for the purposes*  
 29 *of this section and Section 11629.86.*

30 *(c) The plan shall ensure that the Internet Web site does all of*  
 31 *the following:*

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

34 *(2) Effectively educates consumers about the eligibility*  
 35 *requirements, the benefits, and the limits of the low-cost automobile*  
 36 *insurance policy.*

37 *(3) Describes or establishes a process to collect any documents*  
 38 *that are necessary for determining qualification for the policy.*

39 *(4) Establishes a process to electronically certify the information*  
 40 *provided by the consumer.*

- 1     (5) *Maintains safeguards to ensure that consumer information*  
2 *transmitted through that Internet Web site is secure.*
- 3     (6) *Provides the physical address of the producer and the*  
4 *telephone number and e-mail of the producer.*
- 5     (7) *Provides the contact information for the Consumer Services*  
6 *Division of the Department of Insurance.*
- 7     (8) *Adheres to any other rules and regulations adopted by the*  
8 *Department of Insurance to promote the purposes of this section*  
9 *and Section 11629.86.*
- 10    (9) *Notifies the consumer that if he or she does not qualify for*  
11 *the low-cost automobile insurance policy that other policies may*  
12 *be available from producers or insurers. Directs the consumer to*  
13 *the Department of Insurance's auto insurance premium comparison*  
14 *Internet Web page.*
- 15    (d) *The Internet Web site shall not be made available to the*  
16 *public until the commissioner has made a determination that it*  
17 *adequately provides all of the necessary information a consumer*  
18 *would need in order to apply to purchase the policy.*
- 19    (e) *The Internet Web site shall be constructed to authorize the*  
20 *plan-certified producer to forward the application, supporting*  
21 *documents, and the applicant's certification to the plan.*
- 22    (f) *The Internet Web site shall accept payment by credit or debit*  
23 *card or other form of electronic payment the Department of*  
24 *Insurance determines to be appropriate. It shall also provide a*  
25 *mechanism for payment by check.*
- 26    (g) *The Internet Web site shall be made available in English*  
27 *and Spanish and in as many additional languages as feasible. The*  
28 *English and Spanish language sites shall be made available to the*  
29 *public as soon as possible, irrespective of whether other versions*  
30 *are finalized.*
- 31    (h) *Notwithstanding any provision of Chapter 2 (commencing*  
32 *with Section 10290) of Part 2 of Division 2 of the Public Contract*  
33 *Code, if the plan chooses to contract with an entity to establish*  
34 *and maintain the Internet Web site, the plan shall solicit and*  
35 *consider the contract via an open, competitive bid process;*  
36 *however, it shall not issue a request for proposals until the*  
37 *Department of Insurance has approved the request. The contract*  
38 *period shall not extend more than three years. Twelve months*  
39 *before the expiration of the contract, the plan shall determine*  
40 *whether to renew the contract or solicit bids for a new contract.*

1     ~~(i)~~  
2     (i) The ~~California Automobile Assigned Risk Plan~~ *plan* may  
3 request, and the Department of Insurance may include in its plan  
4 submitted pursuant to Section 11629.85, that up to one hundred  
5 thousand dollars (\$100,000) from the department's existing  
6 consumer outreach fund be made available for the development  
7 of the ~~Primary California Low-Cost Auto~~ *Internet* Web Site.

8     SEC. 3. Section 11629.88 is added to the Insurance Code, to  
9 read:

10     11629.88. An applicant shall not be required to provide a copy  
11 of the applicant's or other household member's driver's license,  
12 if the Department of Insurance finds that there is another suitable  
13 means of verifying the driver's licensure.