

AMENDED IN SENATE MARCH 28, 2014

SENATE BILL

No. 1065

Introduced by Senator Monning

February 18, 2014

An act to amend ~~Section 116~~ of *Sections 11629.85 and 13902* of, and to add *Section 45.5* to, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1065, as amended, Monning. ~~Insurance.~~ *Insurance: reports: electronic submission.*

Existing law provides for the regulation of insurers by the Department of Insurance. Existing law directs the Insurance Commissioner to enforce the execution of laws regulating the business of insurance. The existing Insurance Code requires various entities to submit certain reports to specified committees of the Legislature.

This bill would, except as specified, authorize reports required to be submitted to a committee of the Legislature pursuant to the Insurance Code to be submitted electronically, as specified. The bill would also make other technical, nonsubstantive changes.

~~Under existing law, automobile insurance includes, among other things, a contract of warranty or guaranty that promises service, maintenance, parts replacement, repair, money, or other indemnity in the event of loss or damage to a motor vehicle. Automobile insurance also includes an agreement that promises repair or replacement of a motor vehicle, or part of a motor vehicle, after a mechanical or electrical breakdown at either no cost or a reduced cost to the agreementholder.~~

~~This bill would make technical, nonsubstantive changes to those provisions.~~

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 45.5 is added to the Insurance Code, to
2 read:

3 45.5. (a) A report required under this code to be submitted to
4 a committee of the Legislature may be submitted electronically in
5 any of the following ways:

6 (1) Providing the committee a digital copy of the report
7 delivered by electronic means to a person or account designated
8 to receive reports and in a form acceptable to the committee.

9 (2) Providing the committee a digital copy of the report stored
10 on permanent media delivered by first-class mail.

11 (3) Placing the report on the reporting entity's Internet Web
12 site so that it is publicly available for a period of no less than three
13 years. If a report is submitted electronically in accordance with
14 this paragraph, the committee shall be provided notice of the report
15 that includes specific instructions on how to access the report and
16 how to request a hardcopy. The notice shall be delivered by
17 first-class mail or by electronic means, and addressed to the person
18 or account designated to receive reports and in a form acceptable
19 to the committee.

20 (b) This section shall not apply to reports required under
21 Sections 38.5, 10089.13, 10965.9, and 11885, of the Insurance
22 Code.

23 SEC. 2. Section 11629.85 of the Insurance Code is amended
24 to read:

25 11629.85. (a) On or before March 1 of each year, the
26 commissioner shall prepare and propose a plan to the Senate
27 Committee on ~~Banking, Finance, and Insurance~~ and the Assembly
28 Committee on Insurance setting forth the methods the
29 commissioner intends to implement to inform households eligible
30 for the program about the availability of low-cost automobile
31 insurance. To be eligible for funding through the budget process,
32 the plan shall be reviewed by the Senate Committee on ~~Banking,~~
33 ~~Finance, and Insurance~~ and the Assembly Committee on Insurance.
34 The information required under subdivision (c) shall also be

1 provided to the Senate Committee on Transportation and Housing
2 and the Assembly Committee on Transportation.

3 (b) The plan shall include, at a minimum, a brief description of
4 methods proposed to be used, anticipated costs, sources of revenue,
5 goals, targets, objectives, and a justification of the proposed
6 methods. The plan shall also explain how the department proposes
7 to work in cooperation with the California Automobile Assigned
8 Risk Plan, the social service departments in eligible counties, the
9 Department of Motor Vehicles, and community-based
10 organizations in order to inform eligible households of the
11 existence of the program.

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

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

17 (2) In cooperation with the California Automobile Assigned
18 Risk Plan, structural characteristics of the program that may require
19 statutory revision in order for the program to succeed or to improve
20 upon existing success.

21 (3) Impediments to success of the program that can reasonably
22 be overcome by revision to the strategies adopted by the
23 department.

24 (4) A detailed explanation of the department's use for the
25 program of funds assessed pursuant to Section 1872.81.

26 (5) For the previous calendar year, a list of the total low-cost
27 auto premium for each county in which the program was available.

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

29 (1) The program generated sufficient premiums to cover losses
30 incurred under policies issued under the program, and expenses
31 incurred by the program, as calculated pursuant to subdivision (c)
32 of Section 11629.72.

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

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

1 (4) The program’s outreach efforts lead uninsured motorists to
2 contact a producer, and the driver obtains any auto insurance policy
3 that complies with California law.

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

15 *SEC. 3. Section 13902 of the Insurance Code is amended to*
16 *read:*

17 13902. (a) Any insurance pool, established pursuant to this
18 division, may be organized as a nonprofit corporation, limited
19 liability company, partnership, or trust, whether organized under
20 the laws of this state or another state or operating in another state.

21 (b) Any insurance pool established pursuant to this division
22 shall have initial pooled resources of not less than two million five
23 hundred thousand dollars (\$2,500,000) in the form of cash or cash
24 equivalents.

25 (c) Any insurance pool established pursuant to this division
26 shall maintain adequate reinsurance to protect against its risks.

27 (d) Any insurance pool established pursuant to this division
28 shall furnish a copy of the pool’s annual audited financial statement
29 and most recent actuarial review, by first-class mail or by any other
30 method of delivery, including electronic transmission, to the
31 Assembly Committee on Housing and Community Development,
32 the Assembly Committee on Insurance, the Senate Committee on
33 ~~Banking, Finance, and Insurance~~, and the Senate Committee on
34 Transportation and Housing within 180 days of the close of the
35 pool’s fiscal year. If, in the period of time since the last submittal
36 required by this subdivision, any of the following has occurred,
37 the transmittal letter accompanying the annual audited financial
38 statement and most recent actuarial review shall so indicate and
39 shall provide a brief description of each matter:

1 (1) There has been a change to the pool’s plan of financing,
2 management, or operation, including any material amendment to
3 any of those plans.

4 (2) A claims audit report has been filed with any regulatory
5 body with respect to the pool.

6 (3) A report of examination issued by any regulatory body with
7 respect to the pool has been received.

8 (4) There has been a material change in the scope of the
9 regulation of the pool by other states in which the pool operates.

10 SECTION 1. ~~Section 116 of the Insurance Code is amended~~
11 ~~to read:~~

12 ~~116.—(a) Automobile insurance includes insurance of~~
13 ~~automobile owners, users, dealers, or others having insurable~~
14 ~~interests therein, against hazards incident to ownership,~~
15 ~~maintenance, operation, and use of automobiles, other than loss~~
16 ~~resulting from accident or physical injury, fatal or nonfatal, to, or~~
17 ~~death of, any natural person.~~

18 ~~(b) Automobile insurance also includes a contract of warranty~~
19 ~~or guaranty that promises service, maintenance, parts replacement,~~
20 ~~repair, money, or any other indemnity in event of loss of or damage~~
21 ~~to a motor vehicle or a trailer, as defined by Section 630 of the~~
22 ~~Vehicle Code, or any part thereof from any cause, including loss~~
23 ~~of or damage to or loss of use of the motor vehicle or trailer by~~
24 ~~reason of depreciation, deterioration, wear and tear, use,~~
25 ~~obsolescence, or breakage if made by a warrantor or guarantor~~
26 ~~who is doing an insurance business.~~

27 ~~(c) Automobile insurance also includes an agreement that~~
28 ~~promises repair or replacement of a motor vehicle, or part thereof,~~
29 ~~after a mechanical or electrical breakdown, at either no cost or a~~
30 ~~reduced cost for the agreement holder. However, automobile~~
31 ~~insurance does not include a vehicle service contract subject to~~
32 ~~Part 8 (commencing with Section 12800) of Division 2, or an~~
33 ~~agreement deemed not to be insurance under that part.~~

34 ~~(d) The doing or proposing to do business in substance~~
35 ~~equivalent to the business described in this section in a manner~~
36 ~~designed to evade the provisions of this section is the doing of an~~
37 ~~insurance business.~~

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