

AMENDED IN ASSEMBLY JUNE 30, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN SENATE APRIL 22, 2014

AMENDED IN SENATE APRIL 2, 2014

**SENATE BILL**

**No. 1273**

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**Introduced by Senator Lara  
(Coauthor: Senator Correa)**

February 21, 2014

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An act to amend Sections 11629.7, 11629.71, 11629.72, 11629.73, 11629.745, 11629.75, 11629.76, 11629.77, 11629.81, 11629.84, 11629.85, and 11629.86 of, and to repeal and add Section 11629.87 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1273, as amended, Lara. Insurance: low-cost automobile insurance program.

(1) Existing law establishes within the California Automobile Assigned Risk Plan (CAARP) a low-cost automobile insurance program for all counties in California, until January 1, 2016, in order to provide a means for eligible consumers to buy automobile insurance, as specified. The parameters of the program, include, but are not limited to, value limits for the insured vehicle, initial ratesetting for certain counties, a surcharge for specified high-risk drivers, eligibility, sales commissions set at the rate CAARP pays for private passenger nonfleet risks, cancellation restrictions, rate and surcharge setting restrictions, and reporting requirements. Existing law limits the premium financing arrangements under the program to those offered by CAARP and one

under which the insured pays no more than 15% of the policy cost initially followed by 6 payments.

This bill would revise and recast the parameters of the program by, among other things, deleting provisions that limit the initial implementation of the program to specified counties and that require the Insurance Commissioner to make a need-based assessment as to implementation in all other counties, increasing the limits on the value of an automobile that can be insured through the program, and authorizing that value to be determined by a method adopted by CAARP and approved by the ~~Commissioner~~ *commissioner*. The bill would extend the repeal date of the program to January 1, 2020. The bill would also expand the surcharge and eligibility requirements to include drivers with fewer than 3 years of driving history, including a person who operates a motor vehicle with a specified type of driver's license, or drivers who have not been continually licensed for the past 3 years. The bill would require, after the January 1, 2017, rate filing, that subsequent rate filings be mandatory if the rate indication is a change of greater than 7% from the previous filing, or at the discretion of the CAARP Advisory Committee if the rate indication is a change of less than 7%. The bill would allow additional premium payment plans, subject to approval by the commissioner, including one under which the insured pays no more than 20% of the policy cost initially followed by 7 payments.

(2) Existing law requires an agent or broker, referred to as a producer, to inform every new prospective automobile insurance policyholder who requests specified information that the low-cost automobile insurance policy may be available for qualifying motorists. Under existing law, if a consumer requests more information about the program from a producer who is not certified under the plan, that producer is required to provide the consumer with a toll-free telephone number for the plan as an alternative coverage option for the consumer.

This bill would allow those producers to alternatively provide the consumer with the program's Internet Web site.

(3) Under existing law, a certified producer who issues a low-cost automobile insurance policy pursuant to the program is entitled to the same commission rate as is paid by the plan for private passenger, nonfleet risks.

This bill would instead entitle those certified producers to a commission of 12% or \$50, whichever is greater. The bill would require, by January 1, 2016, the CAARP Advisory Committee to report to the

commissioner on a proposal, subject to approval by the commissioner, to allow a consumer to reinstate, in lieu of canceling, all policies that have been canceled for nonpayment of premium, and on a proposal, subject to approval by the commissioner, to allow consumers to keep policies in force by making installment payments by debit card or credit card. The bill would also require, by ~~January 1, 2017~~, *July 1, 2016*, the CAARP Advisory Committee to report to the commissioner on a proposal, subject to approval by the commissioner, to allow access to the program for applicants 16 to 18 years of age who are economically independent and meet other eligibility guidelines, and for families who have an adult driver covered under the program and a driver 16 to 18 years of age in the household.

(4) Existing law requires the plan to report to the Legislature annually on the status of the program, and requires the commissioner to make an annual report to specified committees of the Legislature.

This bill would instead require the plan to make the former report to the commissioner and to include specified data in that report, and would require the commissioner to combine the 2 reports and submit the combined report to the Legislature on or before March 15 annually.

(5) Existing law requires, in order to be eligible for funding through the budget process, that the plan be reviewed by specified committees of the Legislature.

This bill would delete that provision.

(6) Existing law requires the plan, subject to the commissioner's approval, to establish and maintain an Internet Web site that provides members of the public with an option for either a referral to a list of certified agents or brokers, as specified, or an assignment to a randomly selected certified agent or broker, as specified.

This bill would delete the above provisions and instead require the Department of Insurance, by December 31, 2015, in consultation with the CAARP Advisory Committee, to establish a consumer-oriented Internet Web site that fulfills specified requirements, and would require by December 31, 2015, the CAARP Advisory ~~Committee, subject to approval by the commissioner~~, *Committee* to develop a proposal, *subject to approval by the commissioner*, for interested consumers to apply for the program without physically visiting the office of a producer, as provided.

(7) This bill would make conforming changes.

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 11629.7 of the Insurance Code is  
2 amended to read:

3 11629.7. (a) There is established, within the California  
4 Automobile Assigned Risk Plan established under Section 11620,  
5 a low-cost automobile insurance program for all counties in  
6 California.

7 (b) The commissioner, after a public hearing, shall approve or  
8 issue a reasonable plan for the equitable apportionment, among  
9 insurers required to participate in the California Automobile  
10 Assigned Risk Plan established under Section 11620, of persons  
11 who are eligible to purchase through the program a low-cost  
12 automobile insurance policy, as described in Section 11629.71.  
13 The program shall be conducted in conjunction with the California  
14 Automobile Assigned Risk Plan established under Section 11620.

15 SEC. 2. Section 11629.71 of the Insurance Code is amended  
16 to read:

17 11629.71. A low-cost automobile insurance policy for purposes  
18 of the program established under this article shall have all of the  
19 following attributes:

20 (a) The policy shall offer coverage in the amount of ten thousand  
21 dollars (\$10,000) for bodily injury to, or death of, each person as  
22 a result of any one accident and, subject to that limit as to one  
23 person, the amount of twenty thousand dollars (\$20,000) for bodily  
24 injury to, or death of all persons as a result of any one accident,  
25 and the amount of three thousand dollars (\$3,000) for damage to  
26 property of others as a result of any one accident.

27 (b) The coverage required by Section 11580.2 shall be made  
28 available to the consumer. However, an insurer may charge a  
29 premium for that coverage in addition to the premium set forth in  
30 Section 11629.72. Notwithstanding the coverage amounts required  
31 by Section 11580.2 and Section 16056 of the Vehicle Code,  
32 uninsured motorist coverage issued in conjunction with a low-cost  
33 automobile policy under the program, with coverage limits at least  
34 equal to the limits of liability in the underlying low-cost automobile  
35 policy, shall satisfy the requirements of Section 11580.2 and the  
36 financial responsibility requirements of Sections 4000.37, 16021,  
37 and 16431 of the Vehicle Code.

1 (c) Medical payments coverage shall be made available to the  
2 consumer. However, an insurer may charge a premium for that  
3 coverage in addition to the premium set forth in Section 11629.72.

4 (d) The policy shall have an initial term of one year, renewable  
5 on an annual basis thereafter.

6 (e) The policy shall cover the person named in the policy, and  
7 to the same extent that insurance is provided to the named insured,  
8 any other person using the automobile, provided the use is with  
9 his or her permission, express or implied, and within the scope of  
10 that permission, except that the policy shall not cover members of  
11 the named insured's household who do not satisfy the requirements  
12 of subdivisions (b) to (e), inclusive, of Section 11629.73.

13 (f) The policy shall provide coverage for an automobile with a  
14 value of twenty-five thousand dollars (\$25,000) or less, as  
15 evidenced by the value given to the automobile by the Department  
16 of Motor Vehicles in assessing vehicle license fees, or another  
17 method of determining market value adopted by the California  
18 Automobile Assigned Risk Plan Advisory Committee (CAARP  
19 Advisory Committee) and approved by the commissioner.

20 SEC. 3. Section 11629.72 of the Insurance Code is amended  
21 to read:

22 11629.72. (a) The annual rate offered under the program for  
23 each of the counties in California shall be established at a date  
24 according to the discretion of the commissioner. Surcharges, as a  
25 percentage of the base rate, shall be added to the base rate and that  
26 percentage shall be set at the discretion of the commissioner, if  
27 the named insured or a resident of the household of the named  
28 insured will be a driver of the automobile covered under the  
29 low-cost policy, and is either or both of the following:

30 (1) An unmarried male between 19 and 24 years of age.

31 (2) A person 19 years of age or older to whom any of the  
32 following applies:

33 (A) Operates a vehicle with a driver's license issued by the  
34 Department of Motor Vehicles pursuant to Section 12801.9 of the  
35 Vehicle Code and has fewer than three years of driving history.

36 (B) Has fewer than three years of driving history.

37 (C) Has not been continually licensed to drive for the past three  
38 years.

39 (b) (1) The California Automobile Assigned Risk Plan shall  
40 make available to an insured under the program, subject to approval

1 by the commissioner, a premium installment option pursuant to  
2 which an insured is required to pay not more than 20 percent of  
3 the total policy cost upon issuance of the low-cost policy, followed  
4 thereafter by seven other payments. The plan may make additional  
5 payment plans available, subject to approval by the commissioner.

6 (2) No other premium financing arrangement shall be permitted.

7 (c) Rates for policies issued under the program in each county  
8 or city and county shall be reviewed and revised as follows:

9 (1) Rates shall be sufficient to cover (A) losses incurred under  
10 policies issued under the program, and (B) expenses, including,  
11 but not limited to, all reasonable and necessary expenses such as  
12 the costs of administration, underwriting, taxes, commissions, and  
13 claims adjusting, that are incurred due to participation in the  
14 program. For purposes of this paragraph, “losses incurred” means  
15 claims paid, claims incurred and reported, and claims incurred but  
16 not yet reported. In assessing loss reserves, the commissioner shall  
17 only allow loss reserves that are estimated from actual losses in  
18 the program or comparable data by a licensed statistical agent, as  
19 adjusted to reflect coverage provided under the program.

20 (2) Rates shall be set so as to result in no projected subsidy of  
21 the program by those policyholders of insurers issuing policies  
22 under the program who are not participants in the program.

23 (3) Rates shall be set with respect to the program so as to result  
24 in no projected subsidy by policyholders in one county of  
25 policyholders in any of the other counties.

26 (4) (A) Commencing on January 1, 2015, and annually  
27 thereafter through January 1, 2017, the California Automobile  
28 Assigned Risk Plan shall submit the loss and expense data, together  
29 with a proposed rate and the surcharge authorized by subdivision  
30 (a) for the low-cost automobile policy for the program, to the  
31 commissioner for approval in accordance with this chapter. The  
32 commissioner shall act on the recommendation within 90 days.

33 (B) After the January 1, 2017, rate filing, subsequent rate filings  
34 are mandatory if the rate indication is a change of greater than 7  
35 percent from the previous filing, or at the discretion of the CAARP  
36 Advisory Committee if the rate indication is a change of less than  
37 7 percent.

38 SEC. 4. Section 11629.73 of the Insurance Code is amended  
39 to read:

1 11629.73. A low-cost automobile insurance policy under the  
2 program shall only be available for purchase by persons who satisfy  
3 the following eligibility requirements:

4 (a) The person shall be in a household with an annual gross  
5 household income that does not exceed 250 percent of the federal  
6 poverty level, as defined in Part 6.2 (commencing with Section  
7 12693) or as defined in an equivalent manner that is approved by  
8 the commissioner.

9 (b) The person shall be no less than 19 years of age and have  
10 been continuously licensed to drive an automobile for the previous  
11 three years, except that a person who has not been continually  
12 licensed to drive or has fewer than three years of driving history  
13 may qualify for the surcharge under subdivision (a) of Section  
14 11629.72.

15 (c) The person shall have not more than one of either, but not  
16 both, of the following within the previous three years:

17 (1) A property damage only accident in which the driver was  
18 principally at fault.

19 (2) A point for a moving violation.

20 (d) The person shall not have on record within the previous  
21 three years, an at-fault accident involving bodily injury or death.

22 (e) The person shall not have a felony or misdemeanor  
23 conviction for a violation of the Vehicle Code on his or her motor  
24 vehicle record.

25 (f) The person shall not be a college student claimed as a  
26 dependent of another person for federal or state income tax  
27 purposes.

28 SEC. 5. Section 11629.745 of the Insurance Code is amended  
29 to read:

30 11629.745. (a) An agent or broker, hereafter referred to as a  
31 producer, who conducts business in a county in which a low-cost  
32 automobile insurance policy is available pursuant to this article  
33 shall inform every new prospective automobile insurance  
34 policyholder who requests a minimum limits or basic limits  
35 insurance policy, or coverage to meet California's minimum limits  
36 automobile insurance requirements, that the low-cost automobile  
37 insurance policy may be available for qualifying motorists. The  
38 information may be provided orally if the producer has been  
39 contacted by telephone, or in writing, but shall be communicated  
40 to the policyholder prior to the application for automobile insurance

1 coverage in the language in which the producer has otherwise  
2 communicated with the consumer.

3 (b) If the consumer requests more information about the low-cost  
4 program the producer shall do either of the following:

5 (1) If the producer is California Automobile Assigned Risk Plan  
6 certified, provide the consumer with an explanation in an  
7 information pamphlet produced by the California Automobile  
8 Assigned Risk Plan and approved and provided by the Department  
9 of Insurance of the qualifications, cost, and coverage provided by  
10 the policy. If the consumer qualifies for the low-cost policy and  
11 wishes to purchase the policy, the California Automobile Assigned  
12 Risk Plan certified producer shall provide the application and,  
13 upon completion, submit the application, supporting documents,  
14 and the applicant’s certification to the California Automobile  
15 Assigned Risk Plan. The submittal of the California Automobile  
16 Assigned Risk Plan application may be in addition to any other  
17 coverage offered or applied for through the producer.

18 (2) If the producer is not California Automobile Assigned Risk  
19 Plan certified, the producer shall provide the consumer with the  
20 toll-free telephone number for the California Automobile Assigned  
21 Risk Plan or the program’s Internet Web site address as an option  
22 to coverage offered by the producer.

23 SEC. 6. Section 11629.75 of the Insurance Code is amended  
24 to read:

25 11629.75. (a) A certified producer shall provide to an applicant  
26 for a low-cost automobile insurance policy under this article a  
27 notice relating to coverage under the policy. The notice shall be  
28 provided in a separate document at the time of application, and  
29 include the following statement in 14-point boldface type:

30  
31 “NOTICE  
32  
33 INSURANCE COVERAGE PROVIDED IN THE POLICY YOU  
34 ARE BUYING CONTAINS REDUCED LIABILITY  
35 COVERAGE FOR PERSONAL INJURIES OR PROPERTY  
36 DAMAGE RESULTING FROM THE OPERATION OF THE  
37 INSURED VEHICLE. IF LOSSES FROM AN AUTOMOBILE  
38 ACCIDENT EXCEED THE COVERAGE PROVIDED BY THIS  
39 POLICY, YOU CAN BE HELD PERSONALLY LIABLE AND  
40 RESPONSIBLE FOR THOSE LOSSES.

1 THIS POLICY PROVIDES LIABILITY COVERAGE FOR  
2 INJURIES OR DEATH CAUSED TO OTHER PERSONS IN  
3 THE TOTAL AMOUNT OF TEN THOUSAND DOLLARS  
4 (\$10,000) PER PERSON IN ANY ONE ACCIDENT, AND UP  
5 TO A TOTAL AMOUNT OF TWENTY THOUSAND DOLLARS  
6 (\$20,000) FOR ALL PERSONS IN ANY ONE ACCIDENT. THE  
7 POLICY ALSO PROVIDES UP TO A TOTAL AMOUNT OF  
8 THREE THOUSAND DOLLARS (\$3,000) IN LIABILITY  
9 COVERAGE FOR PROPERTY DAMAGE IN ANY ONE  
10 ACCIDENT. IF YOU WANT MORE INSURANCE COVERAGE,  
11 YOU MUST REQUEST A DIFFERENT POLICY.

12 THIS POLICY ALSO DOES NOT COVER DAMAGE TO YOUR  
13 OWN VEHICLE, LOSSES RESULTING FROM YOUR BODILY  
14 INJURY OR DEATH, OR COVERAGE FOR LOSSES CAUSED  
15 BY AN UNINSURED OR UNDERINSURED DRIVER.  
16 HOWEVER, THESE OTHER COVERAGES MAY BE  
17 AVAILABLE AT EXTRA COST THROUGH OTHER  
18 INSURERS.

19 THIS POLICY MAY ALSO CONTAIN UNINSURED  
20 MOTORIST BODILY INJURY COVERAGE IN THE TOTAL  
21 AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) PER  
22 PERSON IN ANY ONE ACCIDENT AND UP TO A TOTAL  
23 AMOUNT OF TWENTY THOUSAND DOLLARS (\$20,000)  
24 FOR ALL PERSONS IN ANY ONE ACCIDENT, IF YOU SO  
25 CHOOSE. IN ADDITION, THIS POLICY MAY ALSO  
26 CONTAIN MEDICAL PAYMENTS COVERAGE IN THE  
27 AMOUNT OF ONE THOUSAND DOLLARS (\$1,000) PER  
28 PERSON IN ANY ONE ACCIDENT, IF YOU SO CHOOSE.

29 THIS POLICY DOES NOT COVER ANY OTHER DRIVER IN  
30 YOUR HOUSEHOLD WHO:

- 31 (a) IS UNDER 19 YEARS OF AGE; OR
- 32 (b) HAS LESS THAN 3 YEARS OF CONTINUOUSLY  
33 LICENSED DRIVING EXPERIENCE (UNLESS THE POLICY  
34 INCLUDES A SURCHARGE FOR THIS DRIVER); OR
- 35 (c) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE  
36 FOLLOWING:

37 —A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH  
38 THE DRIVER WAS PRINCIPALLY AT FAULT.

39 —A POINT FOR A MOVING VIOLATION; OR

1 (d) HAS IN THE PREVIOUS 3 YEARS AN AT-FAULT  
2 ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR  
3 (e) HAS A FELONY OR MISDEMEANOR CONVICTION  
4 FROM A VIOLATION OF THE VEHICLE CODE ON HIS OR  
5 HER MOTOR VEHICLE RECORD.”

6

7 (b) When the certified producer establishes delivery of the  
8 disclosure form specified in subdivision (a) by obtaining the  
9 signature of the applicant or insured, there shall be a conclusive  
10 presumption that the certified producer has complied with the  
11 disclosure requirements of this section.

12 SEC. 7. Section 11629.76 of the Insurance Code is amended  
13 to read:

14 11629.76. (a) For a low-cost automobile insurance policy  
15 issued pursuant to the program, certified producers shall be entitled  
16 to a commission rate of 12 percent or fifty dollars (\$50), whichever  
17 is greater.

18 (b) Notwithstanding subdivision (a), the commissioner may at  
19 any time establish a commission for a low-cost automobile  
20 insurance policy issued pursuant to the program and may make  
21 the commission effective on any policy originated within an entire  
22 year, or any portion of a year, as is needed to provide an incentive  
23 to certified producers to sell low-cost automobile insurance to  
24 eligible applicants. The commissioner shall not establish a  
25 commission pursuant to this subdivision if the commissioner  
26 determines that setting the commission rate will result in a lower  
27 commission than the commission paid by the California  
28 Automobile Assigned Risk Plan for private passenger, nonfleet  
29 risks under Article 4 (commencing with Section 11620).

30 (c) No other fees of any kind may be charged or collected  
31 pursuant to this section and the sale of a low-cost policy under this  
32 article shall not be conditioned on the purchase of any other product  
33 or service.

34 SEC. 8. Section 11629.77 of the Insurance Code is amended  
35 to read:

36 11629.77. (a) A low-cost automobile insurance policy issued  
37 pursuant to the program shall be canceled only for the following  
38 reasons:

39 (1) Nonpayment of premium.

1 (2) Fraud or material misrepresentation affecting the policy or  
2 the insured.

3 (3) The purchase of additional automobile liability insurance  
4 coverage in violation of subdivision (a) of Section 11629.78.

5 (4) The purchase or maintenance of automobile liability  
6 insurance coverage other than a low-cost policy for any additional  
7 vehicles in the insured's household, in violation of subdivision (b)  
8 of Section 11629.78.

9 (b) A policy shall be nonrenewed only for the following reasons:

10 (1) A substantial increase in the hazard insured against.

11 (2) The insured no longer meets the applicable eligibility  
12 requirements. In this regard, the eligibility of an insured shall be  
13 recertified by the California Automobile Assigned Risk Plan after  
14 the first year of eligibility, and annually thereafter by the insurer  
15 that issued the policy.

16 (c) By January 1, 2016, the CAARP Advisory Committee shall  
17 report to the commissioner on a proposal, subject to approval by  
18 the commissioner, to allow a consumer to reinstate, in lieu of  
19 canceling, all policies that have been canceled for nonpayment of  
20 premium, and on a proposal, subject to approval by the  
21 commissioner, to allow consumers to make installment payments  
22 by debit card or credit card. The CAARP Advisory Committee  
23 shall also report, by ~~January 1, 2017~~, *July 1, 2016*, on a proposal,  
24 subject to approval by the commissioner, to allow access to the  
25 program for applicants 16 to 18 years of age who are economically  
26 independent and meet other eligibility guidelines, and also for  
27 families who have an adult driver covered under the program and  
28 a driver 16 to 18 years of age in the household.

29 SEC. 9. Section 11629.81 of the Insurance Code is amended  
30 to read:

31 11629.81. (a) The California Automobile Assigned Risk Plan  
32 shall report to the commissioner on an annual basis, and at those  
33 additional times as it deems prudent, on the status of the program.  
34 The report shall include data regarding new policies, renewed  
35 policies, and policy cancellations or nonrenewals.

36 (b) The department shall combine the report pursuant to  
37 subdivision (a) with the report required by Section 11629.85 and  
38 submit the combined report to the Legislature on or before March  
39 15 of each year.

1 (c) A report submitted pursuant to subdivision (b) shall be  
2 submitted in compliance with Section 9795 of the Government  
3 Code.

4 SEC. 10. Section 11629.84 of the Insurance Code is amended  
5 to read:

6 11629.84. This article shall remain in effect only until January  
7 1, 2020, and as of that date is repealed, unless a later enacted  
8 statute, that is enacted before January 1, 2020, deletes or extends  
9 that date.

10 SEC. 11. Section 11629.85 of the Insurance Code is amended  
11 to read:

12 11629.85. (a) Notwithstanding Section 10231.5 of the  
13 Government Code, on or before March 15 of each year, the  
14 commissioner shall prepare and propose a plan in a report to the  
15 Legislature setting forth the methods the commissioner intends to  
16 implement to inform households eligible for the program about  
17 the availability of low-cost automobile insurance.

18 (b) The plan shall include, at a minimum, a brief description of  
19 methods proposed to be used, anticipated costs, sources of revenue,  
20 goals, targets, objectives, and a justification of the proposed  
21 methods. The plan shall also explain how the department proposes  
22 to work in cooperation with the California Automobile Assigned  
23 Risk Plan, the social service agencies, the Department of Motor  
24 Vehicles, and community-based organizations in order to inform  
25 eligible households of the existence of the program.

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

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

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

35 (3) Impediments to success of the program that can reasonably  
36 be overcome by revision to the strategies adopted by the  
37 department.

38 (4) A detailed explanation of the department's use for the  
39 program of funds assessed pursuant to Section 1872.81 for the  
40 previous fiscal year.

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

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

4 (1) The program generated sufficient premiums to cover losses  
5 incurred under policies issued under the program, and expenses  
6 incurred by the program, as calculated pursuant to subdivision (c)  
7 of Section 11629.72.

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

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

14 (4) The program's outreach efforts lead uninsured motorists to  
15 contact a producer, and the driver obtains any auto insurance policy  
16 that complies with California law.

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

28 (f) A report submitted pursuant to subdivision (a) shall be  
29 submitted in compliance with Section 9795 of the Government  
30 Code.

31 SEC. 12. Section 11629.86 of the Insurance Code is amended  
32 to read:

33 11629.86. (a) A California Automobile Assigned Risk Plan  
34 certified producer may accept and process an application to  
35 purchase a low-cost automobile insurance policy under this  
36 program through an Internet Web site, in accordance with this  
37 section and regulations adopted by the Department of Insurance  
38 pursuant to this section.

39 (b) Any producer seeking certification to accept and process  
40 low-cost automobile insurance policy applications through an

1 Internet Web site shall notify the California Automobile Assigned  
2 Risk Plan of its intentions to do so prior to accepting any  
3 applications to the program.

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

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

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

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

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

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

33 SEC. 13. Section 11629.87 of the Insurance Code is repealed.

34 SEC. 14. Section 11629.87 is added to the Insurance Code, to  
35 read:

36 11629.87. (a) The department shall, by December 31, 2015,  
37 in consultation with the CAARP Advisory Committee, establish  
38 and maintain a consumer-oriented Internet Web site that provides  
39 all of the following:

1 (1) Referral to a list of certified agents or brokers with an office  
2 in the same geographic area as the consumer who may be contacted  
3 to purchase a low-cost automobile insurance policy.

4 (2) Information about the eligibility requirements, benefits, and  
5 limits of the low-cost automobile insurance policy.

6 (3) Notification that if a consumer does not qualify for the  
7 low-cost automobile insurance policy, other policies may be  
8 available from producers or insurers, and directing the consumer  
9 to the department's automobile insurance premium comparison  
10 Internet Web page.

11 (b) The CAARP Advisory Committee shall develop a proposal,  
12 by December 31, 2015, subject to approval by the commissioner,  
13 for interested consumers to apply for the program without  
14 physically visiting the office of a producer. This proposal may  
15 include the electronic uploading of documents, electronic  
16 signatures, linking eligible hotline callers and Internet Web site  
17 visitors directly to one or more producers, and electronic payments.