

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1492

Introduced by Assembly Member Low

February 27, 2015

An act to amend Section ~~11623.5~~ 777.1 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1492, as amended, Low. ~~Assigned risk plans. Insurance:~~ *inducements to purchase property or services.*

Existing law prohibits an insurer from participating in a plan to offer or effect insurance or annuities as an inducement to the purchase or rental by the public of specified property or services without a separate charge for that insurance. Existing law also prohibits an agent, broker, or solicitor from arranging the sale of that insurance. Existing law authorizes the Insurance Commissioner to revoke the license, certificate, or other authority to do business or engage in his or her occupation, as applicable, of an insurer, agent, broker, or solicitor who willfully violates those prohibitions. Existing law specifies exceptions to those prohibitions for certain categories of insurance.

This bill would add to the existing exceptions described above private passenger automobile insurance issued in connection with the sale or lease of a new vehicle and paid for by the vehicle manufacturer, provided that prior to finalizing the purchase the purchaser is advised of the cost of that insurance included in connection with the sale or lease.

~~Existing law authorizes groups of insurers not under common ownership or management to form a limited assignment distribution~~

~~arrangement. Existing law requires each arrangement to have one servicing carrier that writes assigned risk business on behalf of the members of the arrangement in return for consideration from the other participating carriers for not writing the business.~~

~~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 777.1 of the Insurance Code is amended
2 to read:
3 777.1. No insurer shall participate in ~~any~~ a plan to offer or
4 effect ~~any kind or kinds of~~ insurance or annuities in this state as
5 an inducement to the purchase or rental by the public of ~~any~~
6 property, real or personal or mixed, or services, without ~~any a~~
7 separate charge to the insured for ~~such that~~ insurance, nor shall
8 ~~any a~~ agent, broker, or solicitor arrange the sale of ~~any such that~~
9 insurance. ~~The provisions of this This article shall not be applicable~~
10 ~~does not apply~~ to insurance written in connection with subscriptions
11 to newspapers of general circulation; ~~nor shall does~~ it apply to
12 insurance issued to credit unions or to members of credit unions
13 in connection with the purchase of shares in ~~such a the~~ credit union;
14 ~~nor shall does~~ it apply to insurance offered as a guarantee of the
15 performance of goods, ~~which insurance that~~ is designed to protect
16 the purchasers or users of such goods; ~~nor does it apply to private~~
17 ~~passenger automobile insurance issued in connection with the sale~~
18 ~~or lease of a new vehicle and paid for by the vehicle manufacturer;~~
19 ~~provided the purchaser is advised prior to finalizing the purchase~~
20 ~~of the vehicle of the annual cost of the insurance included in~~
21 ~~connection with the sale or lease;~~ ~~nor shall it be applicable does~~
22 ~~it apply~~ to any title insurance or life or disability insurance written
23 in connection with an ~~indebtedness, the purpose of which insurance~~
24 ~~is indebtedness that is intended~~ to pay the balance of the
25 indebtedness in the event of the death or disability of the person
26 insured; ~~nor shall it be applicable does it apply~~ to any of the
27 provisions of Part 5 (commencing at Section 12140), Division 2
28 of this code; ~~nor shall it be applicable does it apply~~ to insurance
29 provided incidentally to the sale of services if the cost of the

1 insurance to the seller of the services does not exceed the sum of
2 one dollar (\$1) per annum for each purchaser of those services.

3 ~~SECTION 1. Section 11623.5 of the Insurance Code is~~
4 ~~amended to read:~~

5 ~~11623.5. (a) Groups of insurers not under common ownership~~
6 ~~or management may form a limited assignment distribution~~
7 ~~arrangement. Each arrangement shall have one servicing carrier~~
8 ~~that writes assigned risk business on behalf of the members of the~~
9 ~~arrangement in return for consideration from the other participating~~
10 ~~carriers for not writing the business.~~

11 ~~(b) An insurer may not act as a servicing carrier except with the~~
12 ~~continuing approval of the commissioner.~~

13 ~~(c) Each servicing carrier shall have a surplus of at least ten~~
14 ~~million dollars (\$10,000,000).~~

15 ~~(d) Upon the approval of the commissioner of a servicing carrier~~
16 ~~under this section, the plan shall make all assignments that~~
17 ~~otherwise would be made to a participant to the servicing carrier~~
18 ~~for that participant.~~

19 ~~(e) The commissioner shall impose a filing fee for the filing~~
20 ~~necessary to obtain approval pursuant to this section. The fee shall~~
21 ~~be limited to that amount sufficient to defray the costs of the~~
22 ~~department in connection with considering the application.~~