

ASSEMBLY BILL

No. 2885

Introduced by Committee on Insurance (Assembly Members Daly (Chair), Bigelow, Calderon, Cooley, Dababneh, Frazier, Gatto, Gonzalez, and Rodriguez)

February 25, 2016

An act to amend Section 11629.77 of, to repeal Section 11629.83 of, and to repeal and add Section 11629.79 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2885, as introduced, Committee on Insurance. Insurance: low-cost automobile insurance program.

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, 2020, 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, a surcharge for specified high-risk drivers, eligibility, sales commissions rates, cancellation restrictions, and reporting requirements. Existing law also requires the CAARP Advisory Committee to submit reports to the Insurance Commissioner on specified proposals, including, among others, allowing a consumer to reinstate, in lieu of canceling, all policies that have been canceled for nonpayment of premium and allowing program access to applicants who are 16 to 18 years of age, economically independent, and who meet other eligibility guidelines. Existing law requires these reports to be submitted by January 1, 2016, or July 1, 2016, as specified.

This bill would delete the reporting requirements described above as of January 1, 2017, and would also delete other obsolete 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 11629.77 of the Insurance Code is
2 amended to read:

3 11629.77. (a) A low-cost automobile insurance policy issued
4 pursuant to the program shall be canceled only for the following
5 reasons:

- 6 (1) Nonpayment of premium.
- 7 (2) Fraud or material misrepresentation affecting the policy or
8 the insured.
- 9 (3) The purchase of additional automobile liability insurance
10 coverage in violation of subdivision (a) of Section 11629.78.

11 (4) The purchase or maintenance of automobile liability
12 insurance coverage other than a low-cost policy for any additional
13 vehicles in the insured’s household, in violation of subdivision (b)
14 of Section 11629.78.

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

- 16 (1) A substantial increase in the hazard insured against.
- 17 (2) The insured no longer meets the applicable eligibility
18 requirements. In this regard, the eligibility of an insured shall be
19 recertified by the California Automobile Assigned Risk Plan after
20 the first year of eligibility, and annually thereafter by the insurer
21 that issued the policy.

22 ~~(e) By January 1, 2016, the CAARP Advisory Committee shall
23 report to the commissioner on a proposal, subject to approval by
24 the commissioner, to allow a consumer to reinstate, in lieu of
25 canceling, all policies that have been canceled for nonpayment of
26 premium, and on a proposal, subject to approval by the
27 commissioner, to allow consumers to make installment payments
28 by debit card or credit card. The CAARP Advisory Committee
29 shall also report, by July 1, 2016, on a proposal, subject to approval
30 by the commissioner, to allow access to the program for applicants
31 16 to 18 years of age who are economically independent and meet
32 other eligibility guidelines, and also for families who have an adult~~

1 driver covered under the program and a driver 16 to 18 years of
2 age in the household.

3 SEC. 2. Section 11629.79 of the Insurance Code is repealed.

4 ~~11629.79. (a) The program for the County of Los Angeles and~~
5 ~~the City and County of San Francisco is authorized to commence~~
6 ~~operations on January 1, 2000, but shall be fully operational no~~
7 ~~later than July 1, 2000.~~

8 ~~(b) To this end, the commissioner, in consultation with the~~
9 ~~California Automobile Assigned Risk Plan, shall adopt regulations~~
10 ~~to implement the provisions of this article within 60 days of its~~
11 ~~effective date.~~

12 ~~(c) The program for the Counties of Alameda, Fresno, Orange,~~
13 ~~Riverside, San Bernardino, and San Diego shall commence~~
14 ~~operations on April 1, 2006, and shall be made operational in all~~
15 ~~other counties of California according to the discretion of the~~
16 ~~commissioner. The commissioner, in consultation with the~~
17 ~~California Automobile Assigned Risk Plan, shall adopt regulations~~
18 ~~to implement the expansion of the program to these counties.~~

19 SEC. 3. Section 11629.79 is added to the Insurance Code, to
20 read:

21 11629.79. The low-cost automobile insurance program shall
22 be made operational in all counties according to the discretion of
23 the commissioner. The commissioner, in consultation with the
24 California Automobile Assigned Risk Plan, shall adopt regulations
25 to implement the program.

26 SEC. 4. Section 11629.83 of the Insurance Code is repealed.

27 ~~11629.83. An action challenging the constitutionality of the~~
28 ~~establishment of the pilot program by this article shall be~~
29 ~~commenced in a court of competent jurisdiction no later than~~
30 ~~February 1, 2000.~~