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AB-917 Low-cost automobile insurance program. (2023-2024)

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Assembly Bill No. 917

CHAPTER 350

An act to amend Sections 11629.81 and 11629.85 of, and to repeal Section 11629.89 of, the Insurance Code, relating to insurance.

[Approved by Governor October 07, 2023. Filed with Secretary of State October 07, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 917, Ortega. Low-cost automobile insurance program.

Existing law establishes, within the California Automobile Assigned Risk Plan, a low-cost automobile insurance program for all counties in California.

Existing law, until January 1, 2025, requires the California Automobile Assigned Risk Plan to report to the Insurance Commissioner on an annual basis on the status of the program and, on or before March 15 of each year, requires the commissioner to prepare and propose a plan in a report to the Legislature setting forth the commissioner's methods to inform households eligible for the program about the availability of low-cost automobile insurance. Existing law, on or before March 15 of each year, requires the commissioner to submit a combined report to the Legislature.

This bill would, instead, require the commissioner to submit the combined report to the Legislature on or before March 15, 2024, and on or before March 15 every 5 years thereafter. The bill would, instead, require the commissioner to submit the annual report on the methods to inform households eligible for the program to the Legislature on or before March 15, 2024, March 15, 2025, and March 15, 2026, and every 5 years thereafter. The bill would require this annual report to be posted on specified internet websites beginning with the report due on or before March 15, 2024. The bill would remove the January 1, 2025, sunset date, thereby extending the operation of the California Automobile Assigned Risk Plan indefinitely, and would make conforming changes.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 11629.81 of the Insurance Code is amended to read:

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

(b) The department shall combine the reports pursuant to subdivision (a) with the report required by Section 11629.85 and submit the combined report to the Legislature on or before March 15, 2024, and on or before March 15 every five years thereafter.

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

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

11629.85. (a) (1) Notwithstanding Section 10231.5 of the Government Code, on or before March 15, 2024, and on or before March 15 every year thereafter, the commissioner shall prepare and propose a plan in a report setting forth the methods the commissioner intends to implement to inform households eligible for the program about the availability of low-cost automobile insurance.

(2) The commissioner shall submit the report identified in paragraph (1) to the Legislature on an annual basis on or before March 15, 2024, March 15, 2025, and March 15, 2026, and every five years thereafter, beginning with the report due on or before March 15, 2031.

(3) The report identified in paragraph (1) shall be posted on the department's and the California Automobile Assigned Risk Plan's internet websites, beginning with the report due on or before March 15, 2024.

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

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

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

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

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

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

(5) For the previous five calendar years, a list of the total low-cost auto premiums for each county in which the program was available.

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

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

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

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

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

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

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

SEC. 3. Section 11629.89 of the Insurance Code is repealed.