

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: August 15, 2011
POSITION: Neutral, note concerns

BILL NUMBER: AB 1024
AUTHOR: B. Hueso

BILL SUMMARY: Low Cost Automobile Insurance: Sales

This bill would authorize a California Automobile Assigned Risk Plan (CAARP) certified producer (insurance agent or broker) to sell low-cost automobile insurance under the CAARP program through an Internet Web site. This bill would also require the CAARP to establish and maintain, or contract with an entity to establish and maintain, an Internet Web site to refer the public to a list of certified agents or brokers or assign them to certified agents or brokers for the purchase of low-cost automobile insurance.

FISCAL SUMMARY

The California Department of Insurance (CDI) indicates this bill would require overall resources of approximately \$77,000 Insurance Fund in 2011-12, \$78,000 in 2012-13, and \$3,000 ongoing to implement its provisions. This bill would provide that \$150,000 from the CDI's Consumer Outreach Fund may be included in the annual plan to the Legislature regarding informing the public of the availability of low-cost automobile insurance. Sufficient funding exists in this subaccount if the CDI chooses to include it pursuant to this bill's provisions. Any request for additional expenditure authority is subject to review and approval through the annual budget process.

The Department of Motor Vehicles (DMV) reports that any costs resulting from this bill would be minor and absorbable within existing resources.

COMMENTS

The Department of Finance is neutral on this bill but notes a concern that it would result in additional costs that are not included in the 2011-12 Budget. However, we do note that the Fund has a sufficient balance to be able to support this additional expenditure.

Existing law establishes within the CAARP a low-cost automobile program to provide a means for eligible consumers to buy automobile insurance, as specified. Existing law also requires the Insurance Commissioner to submit an annual plan to the Legislature detailing the methods that will be used to inform eligible households of low-cost automobile insurance.

This bill would authorize the use of Internet Web sites to sell and refer individuals or assign individuals to low-cost automobile insurance policies available under the CAARP.

This bill also would revise the statement about the low-cost automobile insurance program, as provided, which the DMV is required to include in its notification to vehicle owners (prior to suspending, canceling, or revoking the registration) if insurance requirements have not been met.

Analyst/Principal Date Program Budget Manager Date
(0222) J. Fitzpatrick Lisa Ann L. Mangat

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code	
	LA	(Dollars in Thousands)									
	CO	PROP									
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014			
0845/Insurance	SO	No	C	\$77	C	\$78	C	\$3		0217	
2740/DMV	SO	No		----- No/Minor Fiscal Impact -----							0044
<u>Fund Code</u>	<u>Title</u>										
0044	Motor Vehicle Account, STF										
0217	Insurance Fund										