July 11, 1991

Bulletin #491

BULLETIN TO ALL MEMBERS:

Re: Emergency Regulation -- Exportability of Automobile Liability Insurance

Further to our Bulletins #462 dated December 12, 1990 and #463 dated December 26, 1990, regarding the exportability of automobile liability insurance, we are enclosing CAARP Bulletin #11-91 dated May 31, 1991 and Bulletin #15-91 dated July 2, 1991.

Specific questions concerning the implementation of Title 10, California Code of Regulations, Section 2171 should be referred to Carol A. Fister, Senior Staff Counsel, Department of Insurance, 415-557-3840.

J. S. Pugh
Assistant Manager
May 31, 1991  

To: All Subscriber Companies to the California Automobile Assigned Risk Plan, Agents/Brokers, and Press

Re: Coverage Provided to Groups through CAARP

Title 10, California Code of Regulations Section 2173 provides that no surplus line broker shall solicit from and place with any nonadmitted insurer any automobile bodily injury, property damage liability, or medical payment insurance that contains either in whole or in part the limits of coverage provided under the California Automobile Assigned Risk Plan unless the Plan has determined that the applicant is ineligible for coverage through the Plan.

The Plan has received numerous applications from groups and associations seeking coverage through the Plan, and there has been much confusion about the coverage which CAARP will provide to groups and associations. This Bulletin is designed to clarify the coverage that CAARP will provide to groups and associations.

CAARP subscribing insurers will provide private passenger or commercial coverage, in amounts required by law (see Title 10, California Code of Regulations Section 2406) to all eligible group or association members who qualify for CAARP coverage under Title 10, California Code of Regulations Section 2406. CAARP will likewise provide medical payments and uninsured motorists coverage for certain risks.

In order to determine eligibility and to properly rate the risk, CAARP must receive a completed Application and Eligibility Certification Statement for each member of the group or association seeking coverage. If only some members of the group or association qualify for coverage through the Plan, CAARP will provide coverage to those members who do qualify.

Where the group or association seeks coverage in excess of that required by law, or coverage which CAARP does not provide, the coverage which CAARP does provide must be obtained through CAARP, and additional coverages must be sought first in the admitted, then in the non-admitted, market.

CAARP is using a specific form when deeming an applicant ineligible for coverage through the Plan. California Insurance Commissioner John Garamendi has directed the California Surplus Line Association to reject all policies seeking automobile liability coverage offered by CAARP if a copy of this form is not submitted with the filing.
Finally, all agents and brokers are reminded of the provisions of California Insurance Code Section 11624.5, which prohibits any agent, broker, or solicitor from charging an applicant, directly or indirectly, for furnishing any person the necessary application forms, technical assistance, and services necessary to perfect an application through the Plan, other than the commission paid by the insurer pursuant to the provisions of the Plan.

[Signature]

David E. Kuizenga, Regional Manager
DEK:fe
CALIFORNIA AUTOMOBILE
ASSIGNED RISK PLAN

Dear ____________:

We have reviewed your application for automobile liability insurance coverage through the California Automobile Assigned Risk Plan.

That application has been deemed to be ineligible for assignment under the Plan pursuant to Title 10, California Code of Regulations, Section 2430, for the following reason:

_______ The applicant does not hold or is not eligible to obtain a driver's license. (Please note that this requirement is inapplicable if the driving privilege has been suspended or revoked and can be restored upon the filing of proof of ability to respond in damages as provided by the California Vehicle Code.)

_______ The applicant, or anyone who usually drives the motor vehicle, has failed to meet all obligations to pay to any insurer any automobile insurance premiums due during the immediately preceding 12 months.

If you have any questions, please feel free to contact the Plan Office.

Sincerely,

Richard J. Manning, Operations Manager
CALIFORNIA AUTOMOBILE
ASSIGNED RISK PLAN

David E. Kuzenja
Regional Manager

Richard J. Manning
Operations Manager

Rosemary Williams
Administration Manager

July 2, 1991

To: All Subscriber Companies to the California Automobile Assigned Risk Plan, Agents/Brokers and Press

Re: Risks Not Eligible For The California Plan - Department of Insurance Regulation 2173

Section 2450 of the California Plan currently provides that, within 15 working days from receipt of assignment, the designated insurer shall either issue the policy, or, notify the Manager and the applicant, with copy to the producer of record, that it believes that the applicant is not eligible for insurance under the Plan. An applicant is not eligible for insurance under the Plan only for the two reasons set forth in Title 10, California Code of Regulations, Section 2430.

To facilitate the enforcement of Title 10, California Code of Regulation, Section 2173 (see Plan Bulletin #1-91 dated May 31, 1991) California Insurance Commissioner John Garamendi has directed me to remind California Plan subscribers of the requirement to notify the Manager, the applicant, and the producer of record of risks which are ineligible because (a) the applicant does not hold or is not eligible to obtain a drivers license, or (b) the applicant or anyone who usually drives the motor vehicle owes premium for the immediately preceding 12 months.

Commissioner Garamendi has directed that, effective immediately, the notification must be accompanied by a copy of the insurer's cancellation notice and proof that either (a) the applicant does not hold or is not eligible to obtain a drivers license, or (b) the applicant or anyone who usually drives the motor vehicle owes premium for the immediately preceding 12 months. This proof must be, if the insurer believes that the applicant or anyone who usually drives the motor vehicle owes premium for the immediately preceding 12 months, a declaration under penalty of perjury submitted by the insurer, specifying in detail the premium payment history. If the insurer believes that the applicant is ineligible because the applicant does not hold or is not eligible to obtain a drivers license, this proof must be a copy of the Motor Vehicle Report ("MVR") certified by the insurer under penalty of perjury to be a true and correct copy of the MVR as received by the insurer. If the MVR indicates that the drivers license number provided is not that of the applicant, the insurer shall not deem the applicant ineligible for coverage under the Plan but instead request the correct drivers license number from the applicant.
Following receipt and review of the notification and accompanying information, the Plan will notify the applicant and the producer of record if the applicant is ineligible for coverage under the Plan. That notification will be on the form referred to in Bulletin #11-91 dated May 31, 1991.

Very truly yours,

[Signature]

David E. Kuizenga, Regional Manager