

Initial Statement of Reasons
Title 13, Division 1, Chapter 1
Article 2.3. Financial Responsibility

Vehicle Code section 16020 requires all drivers and owners of a motor vehicle to, at all times, be able to establish financial responsibility and carry in the vehicle evidence of the form of financial responsibility in effect for the vehicle. Upon application for renewal of vehicle registration, Vehicle Code section 4000.37 requires the applicant to submit a form approved by the department, but issued by the insurer, as evidence of financial responsibility. While Vehicle Code section 16058 requires insurance companies to electronically report liability insurance information to the department, a driver is still required to have proof of financial responsibility in the vehicle at all times.

Section 82.00 establishes the uniform format of an evidence of liability insurance document. Section 82.00 was adopted when renewal by mail had much higher volumes than today and the bulk of the department's vehicle registration workload contained insurance cards of all shapes and sizes. However, the department currently has imaging equipment that can scan any shape and form of insurance document submitted. Additionally, when the Legislature adopted Vehicle Code sections 16058, they significantly reduced the need for insurance companies to provide written proof of insurance information to the department. Insurance companies can now send to policy holders written proof of financial responsibility in a format of their own choosing to satisfy Vehicle Code section 16028 requirements.

The department is amending Section 82.00 to allow insurance companies greater flexibility when developing their insurance document but also retain the requirements of Vehicle Code section 4000.37.

§ 82.00. Insurance Card.

The department is changing the title of Section 82.00 from Uniform Insurance Card to Insurance Card. The title change is necessary because insurance cards are no longer required to be uniform.

Section 82.00 is amended to identify the first paragraph as subsection (a) and to remove the words "private passenger" when referencing liability policies. The rules established in this section apply to all policies, not just private passengers. The department is repealing the California Evidence of Liability Insurance, form REG 890A. Because insurers will be able to use their own format, the uniform insurance card sample is no longer necessary.

Subsection (a) references the form REG 890A. As previously indicated, the form REG 890A is repealed in the regulation and is being made obsolete by the department. Instead, subsection (a) is amended to provide several name options that an insurance company may use when creating their document. The department determined these options are necessary to ensure consistency but also allow insurance carriers to have flexibility when creating and updating their documents. These options represent the largest majority of the language already in use.

Subsection (b) is amended to change capitalization usage of the term ‘evidence of liability insurance document.’

The form content requirements are unchanged and comply with Vehicle Code section 4000.37. The department has determined the duplication necessary as it prevents a carrier or interested party from having to consult multiple resources when finding the form contents of an evidence of liability insurance document.

Subsection (b)(12) and (b)(12)(A) through (E) are adopted to provide several name options that an insurance company may use when creating their document. The department determined these options are necessary to ensure consistency but also allow insurance carriers to have flexibility when creating and updating their documents. These options represent the largest majority of the document titles already in use.

Subsection (b)(13)(A) is adopted to make clear that the insurance document informs the driver that they are required to have evidence of financial responsibility in their vehicle at all times. This provision is necessary for circumstances when the driver is asked for evidence of insurance by a law enforcement officer or after a traffic collision. Vehicle Code section 16020 requires all drivers to be able to establish financial responsibility, at all times.

Subsection (b)(13)(B) is adopted to make clear that the insurance document informs the driver that their insurance information has already been submitted to the department directly by the insurance carrier. This notification is necessary to ensure a driver is aware they are not required to provide the department with proof of insurance. Vehicle Code section 16058 requires insurance carriers to electronically submit proof of a driver’s financial responsibility.

Subsection (c) identified the paper specification for a form REG 890A. This language is repealed. When subsection (c) was originally adopted, the department determined that prescribing the type of paper used was necessary to guarantee the document’s sturdiness and ensure the document will survive its one-year life span and will maintain its integrity while being processed by automatic mail machines. In the years since this rule was adopted, insurance companies have demonstrated their capacity to create a durable document that can withstand its full term. The department has determined establishing paper specifications are no longer necessary.

Subsection (d) is renumbered to subsection (c) and is further amended to amend the required size of an insurance document from 3.5 by 8.5 inches and, instead, requires the document to be at least 2 inches by at least three inches. This rule was adopted prior to the requirement that insurance carriers transmit insurance information to the department electronically. The department determined a uniform document size will ensure the document could withstand automatic mail machines and could be processed easier by equipment used by the department at that time. Since carriers are providing information electronically, the paper size is no longer a factor, however, because a driver is required to carry the evidence of liability insurance document in the vehicle, the department determined a minimum size requirement is necessary.

Subsection (e) is renumbered to subsection (d). The regulatory text is unchanged.

Subsection (f) is repealed due to lack of necessity. The electronic content requirement was adopted to protect against counterfeit documents. The barcode and OCR scan line allowed the department to use automation to verify the authenticity of the document. Because insurance carriers are providing the department with insurance information electronically, electronic content requirements are no longer necessary.

Subsection (e) is adopted to ensure an insurance carrier who issues the evidence of liability insurance document in an electronic format shall comply with the title and content requirements in subsections (a) and (b). This provision is necessary to allow insurance carriers to have flexibility in the way they provide insurance documentation, but also ensure the information requirements established by the Vehicle Code and Section 82.00 are present as well.

DEPARTMENTAL DETERMINATIONS SUPPORTING GOVERNMENT CODE SECTIONS 11346.2(b)(3) THROUGH (b)(5)

Studies, Reports or Documents – Gov. Code Sec. 11346.2(b)(3)

- No studies, reports or other documents were relied upon.

Reasonable Alternatives and Department's Response – Gov. Code Sec. 11346.2(b)(4)(A)

- No alternatives have yet been presented that would be as effective.

Reasonable Alternatives that Would Lessen Any Adverse Impact on Small Businesses – Gov. Code Sec. 11346.2(b)(4)(B)

- No alternatives have yet been presented that would lessen any adverse impact on small businesses.

Evidence Supporting Determination of No Significant Adverse Economic Impact on Business – Gov. Code Sec. 11346.2(b)(5)

- This regulation is not likely to have a significant adverse economic impact on businesses. This proposed action will impact insurance companies, however, the regulation is being amended to ensure consistency with those companies current practices.

ECONOMIC AND FISCAL IMPACT DETERMINATIONS

Cost or Savings to Any State Agency

- None.

Other Non-Discretionary Cost or Savings to Local Agencies

- None.

Costs or Savings in Federal Funding to the State

- None.

Cost Impact on Representative Private Persons or Businesses

- The department is not aware of any cost impact on representative private persons or businesses. This proposed action brings Section 82.00 into compliance with industry practices as they exist today and repeals certain requirements that are unnecessary due to statutory changes and technology changes.

Effect on Housing Costs

- None.

Local Agency/School District Mandates

- The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

Small Business Impact

- This proposed action may impact small businesses. If an insurance carrier is a small business, this action allows them greater flexibility in developing their evidence of insurance for their customers.

Potential significant statewide adverse economic impact

- The department does not anticipate a significant statewide adverse economic impact. The proposed amendments remove unnecessary language and allow insurance greater flexibility in developing their documents.

ECONOMIC IMPACT ASSESSMENT

(Government Code section 11346.3)

The department has made the following determinations related to this proposed regulatory action:

- Creation or Elimination of Jobs Within the State of California

This action will not impact the creation or elimination of jobs within California. This action updates Section 82.00 to coincide with practices insurance carriers are already employing. None of the proposed changes will impact jobs.

- Creation or Elimination of Existing Businesses Within the State of California

This action will not impact the creation or elimination of jobs within California. This action updates Section 82.00 to coincide with practices insurance carriers are already employing. Most carriers have already adapted to such changes as technology has allowed for more transactions to be completed

electronically. The proposed changes are not so great that they would impact the creation or elimination of businesses.

- Expansion of Businesses Currently Doing Business Within the State of California

This action will not expand businesses currently doing business within California. This action updates Section 82.00 to coincide with practices insurance carriers are already employing. Most carriers have already adapted to such changes as technology has allowed for more transactions to be completed electronically.

- Benefits of Regulation to the Health and Welfare of California Residents, Worker Safety and the State's Environment

The department does not anticipate any specific benefit other than potential non-monetary benefits by ensuring this rule aligns with business practices followed by insurance companies during the time they have been providing electronic insurance updates to the department.