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Office of the Attorney General
STATE CAPITOL
Sacramento, CA. 95814

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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

January 18, 2010

HONORABLE JERRY BROWN,

I am submitting an initiative, Repeal Mandatory Auto Insurance, to your office to obtain a title and summary.

I am, also, enclosing the 200 dollar remittance to cover the expense of your continued processing of the initiative.

I would like this people-friendly initiative to be on the ballot in November 2010.

I am the guiding force behind this initiative, but the Legislative Counsel helped me draft the finalized version.

With Deep Regards,

Michael Lee Madsen Sr.

FORAMERICANOW@AOL.COM

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

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The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

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We, the undersigned, registered, qualified voters of California, residents of County (or City and County), hereby propose amendments to various codes, relating to mandatory vehicle insurance, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed statutory amendments (full title and text of measure) read as follows:

REPEAL OF MANDATORY VEHICLE INSURANCE

SECTION 1. The people of California find and declare the following:

(a) People of the state are having to struggle to maintain auto insurance on their motor vehicles and are not always able to maintain any or adequate medical or dental insurance for themselves and their loved ones.

(b) Repealing the mandatory vehicle insurance laws would allow California residents to better control their own source of income and quality of life. The amount of premium saved by repealing the mandatory vehicle insurance laws would allow a family the necessary money to pay for important insurance like health insurance. This change in law would place a person's health and well-being at a higher priority than a bent bumper.

(c) Repealing the mandatory vehicle insurance laws would only force insurance companies to become competitive.

(d) It should not be law enforcement's responsibility to monitor for vehicle insurance compliance. Vehicle insurance should solely be a matter between the auto and insurance industry and the consumer.

(e) Most drivers do not have accidents, so continued vehicle insurance coverage needs to be a decision made by the consumer and not mandated by government.

(f) Repealing the mandatory vehicle insurance laws is not taking away the right of the automobile insurance companies to litigate for vehicle damage, but it would be totally their responsibility and not our government's concern.

SEC. 2. Section 2982.8 of the Civil Code is amended to read:

2982.8. (a) If a buyer is obligated under the terms of the conditional sale contract to maintain insurance on the vehicle and subsequent to the execution of the contract the buyer either fails to maintain or requests the holder to procure the insurance, any

amounts advanced by the holder to procure the insurance may be the subject of finance charges from the date of advance as provided in subdivision (e).

(b) These amounts shall be secured as provided in the contract and permitted by Section 2984.2 if the holder notifies the buyer in writing of his or her option to repay those amounts in any one of the following ways:

(1) Full payment within 10 days from the date of giving or mailing the notice.

(2) Full amortization during the term of the insurance.

(3) If offered by the holder, full amortization after the term of the conditional sale contract, to be payable in installments which do not exceed the average payment allocable to a monthly period under the contract.

(4) If offered by the holder, a combination of the methods described in paragraphs (2) and (3), so that there is some amortization during the term of the insurance, with the remainder of the amortization being accomplished after the term of the conditional sale contract, to be payable in installments which do not exceed the average payment allocable to a monthly period under the original terms of the contract.

(5) If offered by the holder, any other amortization plan.

If the buyer neither pays in full the amounts advanced nor notifies the holder in writing of his or her choice regarding amortization options before the expiration of 10 days from the date of giving or mailing the notice by the holder, the holder may amortize the amounts advanced on a secured basis pursuant to paragraph (2) or, if offered by the holder as an option to the buyer, paragraph (3) or (4).

(c) The written notification described in subdivision (b) shall also set forth the amounts advanced by the holder and, with respect to each amortization plan the amount

of the additional finance charge, the sum of the amounts advanced and the additional finance charge, the number of installments required, the amount of each installment and the date for payment of the installments.

In addition, the notice shall contain a statement in contrasting red print in at least 8-point bold type, which reads as follows:

~~“WARNING—IT IS YOUR RESPONSIBILITY UNDER CALIFORNIA LAW TO OBTAIN LIABILITY INSURANCE OR BE SUBJECT TO PENALTIES FOR VIOLATING SECTION 16020 OF THE VEHICLE CODE, WHICH MAY INCLUDE LOSS OF LICENSE OR A FINE. THE INSURANCE ACQUIRED BY THE LIENHOLDER DOES NOT PROVIDE LIABILITY COVERAGE AND DOES NOT SATISFY YOUR RESPONSIBILITY UNDER CALIFORNIA LAW.”~~

(d) If subsequent to the execution of the contract the holder advances amounts for repairs to or preservation of the motor vehicle or preservation of the holder's security interest therein and such advances are occasioned by the buyer's default under the contract, such advances may be the subject of finance charges from the date of advance as provided in subdivision (e) and shall be secured as provided in the contract and permitted by Section 2984.2.

(e) The maximum rate of finance charge which may be imposed on amounts advanced by the holder subsequent to the execution of the contract for insurance, repairs to or preservation of the motor vehicle, or preservation of the holder's security interest therein, shall not exceed the annual percentage rate disclosed pursuant to Section 2982.

SEC. 3. Section 116.870 of the Code of Civil Procedure is repealed.

~~116.870. Sections 16250 to 16381, inclusive, of the Vehicle Code, regarding the suspension of the judgment debtor's privilege to operate a motor vehicle for failing to satisfy a judgment, apply if the judgment (1) was for damage to property in excess of seven hundred fifty dollars (\$750) or for bodily injury to, or death of, a person in any amount, and (2) resulted from the operation of a motor vehicle upon a California highway by the defendant, or by any other person for whose conduct the defendant was liable, unless the liability resulted from the defendant's signing the application of a minor for a driver's license.~~

SEC. 4. Section 116.880 of the Code of Civil Procedure is repealed.

~~116.880. (a) If the judgment (1) was for seven hundred fifty dollars (\$750) or less, (2) resulted from a motor vehicle accident occurring on a California highway caused by the defendant's operation of a motor vehicle, and (3) has remained unsatisfied for more than 90 days after the judgment became final, the judgment creditor may file with the Department of Motor Vehicles a notice requesting a suspension of the judgment debtor's privilege to operate a motor vehicle.~~

~~(b) The notice shall state that the judgment has not been satisfied, and shall be accompanied by (1) a fee set by the department, (2) the judgment of the court determining that the judgment resulted from a motor vehicle accident occurring on a California highway caused by the judgment debtor's operation of a motor vehicle, and (3) a declaration that the judgment has not been satisfied. The fee shall be used by the department to finance the costs of administering this section and may not exceed the department's actual costs.~~

~~(c) Upon receipt of a notice, the department shall attempt to notify the judgment debtor by telephone, if possible, otherwise by certified mail, that the judgment debtor's privilege to operate a motor vehicle will be suspended for a period of 90 days, beginning 20 days after receipt of notice by the department from the judgment creditor, unless satisfactory proof, as provided in subdivision (c), is provided to the department before that date.~~

~~(d) At the time the notice is filed, the department shall give the judgment creditor a copy of the notice that shall indicate the filing fee paid by the judgment creditor, and shall include a space to be signed by the judgment creditor acknowledging payment of the judgment by the judgment debtor. The judgment creditor shall mail or deliver a signed copy of the acknowledgment to the judgment debtor once the judgment is satisfied.~~

~~(e) The department shall terminate the suspension, or the suspension proceedings, upon the occurrence of one or more of the following:~~

~~(1) Receipt of proof that the judgment has been satisfied, either (A) by a copy of the notice required by this section signed by the judgment creditor acknowledging satisfaction of the judgment, or (B) by a declaration of the judgment debtor stating that the judgment has been satisfied.~~

~~(2) Receipt of proof that the judgment debtor is complying with a court-ordered payment schedule.~~

~~(3) Proof that the judgment debtor had insurance covering the accident sufficient to satisfy the judgment.~~

~~(4) A deposit with the department of the amount of the unsatisfied judgment, if the judgment debtor presents proof, satisfactory to the department, of inability to locate the judgment creditor.~~

~~(5) At the end of 90 days.~~

~~(f) When the suspension has been terminated under subdivision (c), the action is final and may not be reinstated. Whenever the suspension is terminated, Section 14904 of the Vehicle Code shall apply. Money deposited with the department under this section shall be handled in the same manner as money deposited under subdivision (d) of Section 16377 of the Vehicle Code.~~

~~(g) A public agency is not liable for an injury caused by the suspension, termination of suspension, or the failure to suspend a person's privilege to operate a motor vehicle as authorized by this section.~~

SEC. 5. Section 655 of the Insurance Code is amended to read:

655. Every insurer issuing policies of motor vehicle liability insurance within the meaning of Section 16450 of the Vehicle Code, ~~automobile liability insurance within the meaning of Section 16054 of that code, or any other liability insurance issued for vehicles with less than four wheels that meets the requirements of Section 16056 of that code~~ shall also, as an incident thereto, complete and file the certificate or certificates provided for under Section 16431 of that code. The proof required by this section may be provided by the filing of a single certificate.

SEC. 6. Section 1861.15 of the Insurance Code is repealed.

~~1861.15. (a) An insurer issuing policies as described in subdivision (a) of Section 660, shall, as a condition of obtaining and maintaining a certificate of authority~~

~~to transact the business of insurance in this state, offer to persons who qualify for a good driver discount pursuant to Sections 1861.02 and 1861.025, automobile liability coverage in the minimum financial responsibility coverage amounts specified in subdivision (a) of Section 16056 of the Vehicle Code, and sell that coverage to those who request it.~~

~~(b) In soliciting the issuance or renewal of a policy of automobile liability insurance, an insurer, broker, agent, or any other employee of the insurer shall disclose to persons eligible for a good driver discount the minimum financial responsibility coverage amounts required pursuant to Section 16056 of the Vehicle Code, and that the insurer is legally required to furnish coverage in those minimum amounts, if requested.~~

~~(c) Nothing in this section shall be construed to affect any obligation imposed on any insurer by law to offer and sell any other kind or amount of insurance.~~

~~(d) This section does not apply to any insurer that, on November 7, 1988, did not offer to sell a minimum financial responsibility policy as described in subdivision (a) and that did not write more than 1 percent of the private passenger automobile liability policies in effect on November 7, 1988.~~

SEC. 7. Section 1861.16 of the Insurance Code is amended to read:

1861.16. (a) ~~An insurer issuing a policy described in subdivision (a) of Section 660 by or through an insurance agent where a commission is paid, directly or indirectly, to that agent shall, when issuing a policy in the minimum financial responsibility coverage amount as required by Section 1861.15, pay a commission on the same terms and on the same percentage basis to that agent as for any higher amount of policy~~

~~coverage sold by that agent. In no case shall the percentage amount of commission paid to that agent for a policy of minimum financial responsibility coverage be less than the percentage commission paid to that agent on any higher level of policy coverage issued by that insurer.~~

(b) ~~An~~ An agent or representative representing one or more insurers having common ownership or operating in California under common management or control shall offer, and the insurer shall sell, a good driver discount policy to a good driver from an insurer within that common ownership, management, or control group, which offers the lowest rates for that coverage. This requirement applies notwithstanding the underwriting guidelines of any of those insurers or the underwriting guidelines of the common ownership, management, or control group. Nothing in this subdivision shall require an insurer to offer and sell a good driver discount policy that the insurer would otherwise not be required to offer and sell in accordance with paragraph (3) of subdivision (b) of Section 1861.02. As used in this subdivision, "representative" means any person who offers or prepares premium quotations on behalf of either an insurer or any entity acting directly or indirectly on behalf of an insurer. This subdivision shall not be construed to either permit a representative to transact insurance, or to exempt a representative who does transact insurance from the licensing provisions of this code.

(e)

(b) (1) Notwithstanding subdivision ~~(b)~~ (a), insurers having common ownership and operating in California under common control are not required to sell good driver discount policies issued by other insurers within the common ownership group if the commissioner determines that the insurers satisfy each of the following conditions:

(A) The business operations of the insurers are independently managed and directed.

(B) The insurers do not jointly develop loss or expense statistics or other data used in ratemaking, or in the preparation of rating systems or rate filings.

(C) The insurers do not jointly maintain or share loss or expense statistics, or other data used in ratemaking or in the preparation of rating systems or rate filings. This condition shall not apply if the data is generally available to the industry through a nonaffiliated third party and is obtained from that third party.

(D) The insurers do not utilize each others' marketing, sales, or underwriting data.

(E) The insurers act independently of each other in determining, filing, and applying base rates, factors, class plans, and underwriting rules, and in the making of insurance policy forms.

(F) The insurers' sales operations are separate.

(G) The insurers' marketing operations are separate.

(H) The insurers' policy service operations are separate.

(2) Notwithstanding Senate Bill 1 of the 2003–04 Regular Session (Chapter 241 of the Statutes of 2003), the federal Gramm-Leach-Bliley Act (Public Law 106-102), and the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681 and following), the sharing of information between insurers as described in subparagraphs (A) to (H), inclusive, of paragraph (1) shall be more restrictive than may otherwise be permissible pursuant to those acts.

(d)

~~(c)~~ Except to the extent restricted by subdivision ~~(e)~~ (b) or any regulation adopted to implement subdivision ~~(e)~~ (b), this section shall not be interpreted to restrict the right of an insurer or holding company to use aggregate data of its affiliated insurers having common ownership or operating in California under common control.

~~(e)~~

~~(d)~~ Nothing in subdivision ~~(e)~~ (b) is intended to amend, alter, or supersede other sections of this code, or other laws of this state, regarding any right of an insurer or holding company to use aggregate data of its affiliated insurers having common ownership or operating in California under common control.

~~(f)~~

~~(e)~~ The commissioner may adopt regulations to implement this section.

~~(g)~~

~~(f)~~ An insurer that is required by this section or Section 1861.02 to offer and sell good driver discount policies to good drivers to whom it did not sell those policies prior to November 8, 1988, due to driving safety record or vehicle type may file and, upon the approval of the commissioner, implement an interim rating plan for those applicants until the rating plan required by subdivision (a) of Section 1861.02 is adopted, provided that the insurer has timely filed an automobile insurance rating plan in compliance with subdivision (a) of Section 1861.02, and that plan has not been approved. An insurer may file an interim plan prior to the operative date of subdivision ~~(b)~~ (a).

The commissioner shall notify the public of any application by an insurer for an interim rating plan. The public notice shall meet the requirements of Section 1861.06.

The application shall be deemed approved 60 days after public notice unless (1) a consumer or his or her representative requests a hearing within 45 days of public notice and the commissioner grants the hearing, or determines not to grant the hearing and issues written findings in support of that decision, or (2) the commissioner on his or her own motion determines to hold a hearing. If the commissioner grants a request for a hearing or determines on his or her own motion to hold a hearing on the application for an interim rating plan, but does not approve or disapprove the proposed interim rating plan within the later of 30 days from the date the commissioner grants a request or determines to hold the hearing or January 1, 1991, the interim rating plan may be used until the time that the commissioner issues a decision.

If an interim rate or proposed interim rate is greater than the rate ultimately approved, the insurer shall refund to its applicable policyholders, in proportion to the amount of premium paid by each, the difference between the total amount earned and the amount to which the insurer is entitled under the rate ultimately approved, together with interest at the rate of 10 percent per year. In lieu of a refund, the insurer may provide a credit to the policyholder if the amount due is less than three dollars (\$3).

~~(h)~~

~~(g)~~ Nothing contained in subdivision ~~(b)~~ (a) or ~~(e)~~ (b) shall be construed to expand, limit, or modify the requirements of subdivision (b) of Section 1861.02.

~~(i)~~

~~(h)~~ A violation of this section by any insurer shall subject it to the penalties provided by Section 1861.14.

SEC. 8. Section 11580.07 of the Insurance Code is amended to read:

11580.07. Except when required by a conditional sales vendor, no person or entity who is licensed pursuant to Chapter 5 (commencing with Section 1621) of Part 2 of Division 1 and who holds an appointment by, or transacts insurance with, an insurer which is admitted to issue ~~a policy of automobile liability insurance, as described in Section 16054 of the Vehicle Code,~~ or a motor vehicle liability policy, as described in Section 16450 of the Vehicle Code; or any policy or coverage described in Section 660, shall require any insured to purchase or maintain automobile collision coverage, as defined in Section 660, for the insured motor vehicle as a condition to the issuance or maintenance of comprehensive coverage for such motor vehicle, unless such policy requires the purchase of both such coverages.

This section shall apply only to those policies and coverages issued or renewed on or after the effective date of this section.

As used in this section, "comprehensive coverage" means coverage for loss or damage to the insured motor vehicle resulting from a cause other than collision or upset.

SEC. 9. Section 11580.08 of the Insurance Code is amended to read:

11580.08. With respect to disclosure of the fact of an arrest for any violation of the Vehicle Code or of a city or county ordinance or resolution relating to vehicles or their operators or owner which did not result in a conviction, the issuer, or his agency or employee, ~~of any policy of automobile liability insurance (as described in Section 16056 of the Vehicle Code),~~ any motor vehicle liability policy (as described in Section 16450 of the Vehicle Code); or any policy or coverage described in Section 660, shall

not inquire of an applicant whether he has been arrested under such circumstances or to condition the issuance of any such policy on the applicant's making such disclosure.

SEC. 10. Section 11580.011 of the Insurance Code is amended to read:

11580.011. (a) As used in this section, "child passenger restraint system" means a system as described in Section 27360 of the Vehicle Code.

(b) Every policy of automobile liability insurance, ~~as described in Section 16054 of the Vehicle Code~~, shall provide liability coverage for replacement of a child passenger restraint system that was in use by a child during an accident for which liability coverage under the policy is applicable due to the liability of an insured.

(c) Every policy of automobile liability insurance that provides uninsured motorist property damage coverage, as described in paragraph (2) of subdivision (a) of Section 11580.26, shall provide coverage for replacement of a child passenger restraint system that was in use by a child during an accident for which uninsured motorist property damage coverage under the policy is applicable due to the liability of an uninsured motorist.

(d) Every policy that provides automobile collision coverage or automobile physical damage coverage, as described in Section 660, shall include a child passenger restraint system within the definition of covered property, if the child passenger restraint system was in use by a child during an accident.

(e) Upon the filing of a claim pursuant to a policy described in subdivision (b), (c), or (d), unless otherwise determined, an insurer shall have an obligation to ask whether a child passenger restraint system was in use by a child during an accident that is covered by the policy, and an obligation to replace the child passenger restraint

system in accordance with this section if it was in use by a child during the accident or reimburse the claimant for the cost of purchasing a new child passenger restraint system.

(f) An insured, upon acquiring a replacement child passenger restraint system, may surrender the child passenger restraint system that was replaced to the nearest office of the Department of the California Highway Patrol.

SEC. 11. Section 11580.1 of the Insurance Code is repealed.

~~11580.1. (a) No policy of automobile liability insurance described in Section 16054 of the Vehicle Code covering liability arising out of the ownership, maintenance, or use of any motor vehicle shall be issued or delivered in this state on or after the effective date of this section unless it contains the provisions set forth in subdivision (b). However, none of the requirements of subdivision (b) shall apply to the insurance afforded under the policy (1) to the extent that the insurance exceeds the limits specified in subdivision (a) of Section 16056 of the Vehicle Code, or (2) if the policy contains an underlying insurance requirement, or provides for a retained limit of self-insurance, equal to or greater than the limits specified in subdivision (a) of Section 16056 of the Vehicle Code.~~

~~(b) Every policy of automobile liability insurance to which subdivision (a) applies shall contain all of the following provisions:~~

~~(1) Coverage limits not less than the limits specified in subdivision (a) of Section 16056 of the Vehicle Code.~~

~~(2) Designation by explicit description of, or appropriate reference to, the motor vehicles or class of motor vehicles to which coverage is specifically granted.~~

~~(3) Designation by explicit description of the purposes for which coverage for those motor vehicles is specifically excluded.~~

~~(4) Provision affording insurance to the named insured with respect to any owned or leased motor vehicle covered by the policy, and to the same extent that insurance is afforded to the named insured, to any other person using the motor vehicle, provided the use is by the named insured or with his or her permission, express or implied, and within the scope of that permission, except that: (A) with regard to insurance afforded for the loading or unloading of the motor vehicle, the insurance may be limited to apply only to the named insured, a relative of the named insured who is a resident of the named insured's household, a lessee or bailee of the motor vehicle, or an employee of any of those persons; and (B) the insurance afforded to any person other than the named insured need not apply to: (i) any employee with respect to bodily injury sustained by a fellow employee injured in the scope and course of his or her employment, or (ii) any person, or to any agent or employee thereof, employed or otherwise engaged in the business of selling, repairing, servicing, delivering, testing, road-testing, parking, or storing automobiles with respect to any accident arising out of the maintenance or use of a motor vehicle in connection therewith. As used in this chapter, "owned motor vehicle" includes all motor vehicles described and rated in the policy.~~

~~(c) In addition to any exclusion provided in paragraph (3) of subdivision (b), the insurance afforded by any policy of automobile liability insurance to which subdivision (a) applies, including the insurer's obligation to defend, may, by appropriate policy provision, be made inapplicable to any or all of the following:~~

~~(1) Liability assumed by the insured under contract.~~

~~(2) Liability for bodily injury or property damage caused intentionally by or at the direction of the insured.~~

~~(3) Liability imposed upon or assumed by the insured under any workers' compensation law.~~

~~(4) Liability for bodily injury to any employee of the insured arising out of and in the course of his or her employment.~~

~~(5) Liability for bodily injury to an insured or liability for bodily injury to an insured whenever the ultimate benefits of that indemnification accrue directly or indirectly to an insured.~~

~~(6) Liability for damage to property owned, rented to, transported by, or in the charge of, an insured. A motor vehicle operated by an insured shall be considered to be property in the charge of an insured.~~

~~(7) Liability for any bodily injury or property damage with respect to which insurance is or can be afforded under a nuclear energy liability policy.~~

~~(8) Any motor vehicle or class of motor vehicles, as described or designated in the policy, with respect to which coverage is explicitly excluded, in whole or in part.~~

~~"The insured" as used in paragraphs (1), (2), (3), and (4) shall mean only that insured under the policy against whom the particular claim is made or suit brought.~~

~~"An insured" as used in paragraphs (5) and (6) shall mean any insured under the policy including those persons who would have otherwise been included within the policy's definition of an insured but, by agreement, are subject to the limitations of paragraph (1) of subdivision (d).~~

~~(d) Notwithstanding paragraph (4) of subdivision (b), or Article 2 (commencing with Section 16450) of Chapter 3 of Division 7 of, or Article 2 (commencing with Section 17150) of Chapter 1 of Division 9 of, the Vehicle Code, the insurer and any named insured may, by the terms of any policy of automobile liability insurance to which subdivision (a) applies, or by a separate writing relating thereto, agree as to either or both of the following limitations, the agreement to be binding upon every insured to whom the policy applies and upon every third-party claimant:~~

~~(1) That coverage and the insurer's obligation to defend under the policy shall not apply nor accrue to the benefit of any insured or any third-party claimant while any motor vehicle is being used or operated by a natural person or persons designated by name. These limitations shall apply to any use or operation of a motor vehicle, including the negligent or alleged negligent entrustment of a motor vehicle to that designated person or persons. This agreement applies to all coverage provided by that policy and is sufficient to comply with the requirements of paragraph (2) of subdivision (a) of Section 11580.2 to delete coverage when a motor vehicle is operated by a natural person or persons designated by name. The insurer shall have an obligation to defend the named insured when all of the following apply to that designated natural person:~~

~~(A) He or she is a resident of the same household as the named insured.~~

~~(B) As a result of operating the insured motor vehicle of the named insured, he or she is jointly sued with the named insured.~~

~~(C) He or she is an insured under a separate automobile liability insurance policy issued to him or her as a named insured, which policy does not provide a defense to the named insured.~~

~~An agreement made by the insurer and any named insured more than 60 days following the inception of the policy excluding a designated person by name shall be effective from the date of the agreement and shall, with the signature of a named insured, be conclusive evidence of the validity of the agreement.~~

~~That agreement shall remain in force as long as the policy remains in force, and shall apply to any continuation, renewal, or replacement of the policy by the named insured, or reinstatement of the policy within 30 days of any lapse thereof.~~

~~(2) That with regard to a policy issued to a named insured engaged in the business of leasing vehicles for those vehicles that are leased for a term in excess of six months, or selling, repairing, servicing, delivering, testing, road-testing, parking, or storing automobiles, coverage shall not apply to any person other than the named insured or his or her agent or employee, except to the extent that the limits of liability of any other valid and collectible insurance available to that person are not equal to the limits of liability specified in subdivision (a) of Section 16056 of the Vehicle Code. If the policy is issued to a named insured engaged in the business of leasing vehicles, which business includes the lease of vehicles for a term in excess of six months, and the lessor includes in the lease automobile liability insurance, the terms and limits of which are not otherwise specified in the lease, the named insured shall incorporate a provision in each vehicle lease contract advising the lessee of the provisions of this subdivision and the fact that this limitation is applicable except as otherwise provided for by statute or federal law.~~

~~(c) Nothing in this section or in Section 16054 or 16450 of the Vehicle Code shall be construed to constitute a homeowner's policy, personal and residence liability~~

~~policy, personal and farm liability policy, general liability policy, comprehensive personal liability policy, manufacturers' and contractors' policy, premises liability policy, special multiperil policy, or any policy or endorsement where automobile liability coverage is offered as incidental to some other basic coverage as an "automobile liability policy" within the meaning of Section 16054 of the Vehicle Code, or as a "motor vehicle liability policy" within the meaning of Section 16450 of the Vehicle Code, nor shall this section apply to a policy that provides insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle in the Republic of Mexico issued or delivered in this state by a nonadmitted Mexican insurer, notwithstanding that the policy may provide automobile or motor vehicle liability coverage on insured premises or the ways immediately adjoining.~~

~~(f) (1) On and after January 1, 1976, no policy of automobile liability insurance described in subdivision (a) shall be issued, amended, or renewed in this state if it contains any provision that expressly or impliedly excludes from coverage under the policy the operation or use of an insured motor vehicle by the named insured in the performance of volunteer services for a nonprofit charitable organization or governmental agency by providing social service transportation. This subdivision shall not apply in any case in which the named insured receives any remuneration of any kind other than reimbursement for actual mileage driven in the performance of those services at a rate not to exceed the following:~~

~~(A) For the 1980-81 fiscal year, the maximum rate authorized by the California Victim Compensation and Government Claims Board, which shall also be known as the "base rate."~~

~~(B) For each fiscal year thereafter, the greater of either (A) the maximum rate authorized by the California Victim Compensation and Government Claims Board or (B) the base rate as adjusted by the California Consumer Price Index.~~

~~(2) No policy of insurance issued under this section may be canceled by an insurer solely for the reason that the named insured is performing volunteer services for a nonprofit charitable organization or governmental agency consisting of providing social service transportation.~~

~~(3) For the purposes of this section, "social service transportation" means transportation services provided by private nonprofit organizations or individuals to either individuals who are senior citizens or individuals or groups of individuals who have special transportation needs because of physical or mental conditions and supported in whole or in part by funding from private or public agencies.~~

~~(g) Notwithstanding paragraph (4) of subdivision (b), or Article 2 (commencing with Section 16450) of Chapter 3 of Division 7 of, or Article 2 (commencing with Section 17150) of Chapter 1 of Division 9 of, the Vehicle Code, a Mexican nonadmitted insurer and any named insured may, by the terms of any policy of automobile insurance for use solely in the Republic of Mexico to which subdivision (a) applies, or by a separate writing relating thereto, agree to the limitation that coverage under that policy shall not apply to any person riding in or occupying a vehicle owned by the insured or driven by another person with the permission of the insured. The agreement shall be binding upon every insured to whom the policy applies and upon any third-party claimant.~~

~~(h) No policy of automobile insurance that provides insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle solely in the Republic of Mexico issued by a nonadmitted Mexican insurance company, shall be subject to, or provide coverage for, those coverages provided in Section 11580.2.~~

SEC. 12. Section 11580.15 of the Insurance Code is amended to read:

11580.15. Subject to the approval of the Insurance Commissioner, every admitted insurer issuing or renewing motor vehicle liability policies as defined in Section ~~16054~~ or 16450 of the Vehicle Code shall, at the time of offering to issue or offering to renew any such policy, disclose to the applicant in writing as a freestanding document, which brings attention to the applicant, all discounts, if any, that are available from the insurer for that insurance and for any related insurance provided under that policy. The insurer shall disclose any discounts for good drivers, senior drivers, students, multiple cars, and any other discounts that are available from that insurer. The disclosure shall be required for personal lines of motor vehicle insurance.

Every insurer that sells insurance through licensed agents or brokers shall disclose in writing to the agents and brokers all of the discounts that are required to be disclosed to the applicant under this section, and shall require its agents and brokers to make the disclosures required by this section.

SEC. 13. Section 11580.2 of the Insurance Code is amended to read:

11580.2. (a) (1) No policy of bodily injury liability insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle, except for policies that provide insurance in the Republic of Mexico issued or delivered in this state by nonadmitted Mexican insurers, shall be issued or delivered in this state to the

owner or operator of a motor vehicle, or shall be issued or delivered by any insurer licensed in this state upon any motor vehicle then principally used or principally garaged in this state, unless the policy contains, or has added to it by endorsement, a provision with coverage limits at least equal to the limits specified in subdivision (m) ~~and in no case less than the financial responsibility requirements specified in Section 16056 of the Vehicle Code~~ insuring the insured, the insured's heirs or legal representative for all sums within the limits that he, she, or they, as the case may be, shall be legally entitled to recover as damages for bodily injury or wrongful death from the owner or operator of an uninsured motor vehicle. The insurer and any named insured, prior to or subsequent to the issuance or renewal of a policy, may, by agreement in writing, in the form specified in paragraph (2) or paragraph (3), (1) delete the provision covering damage caused by an uninsured motor vehicle completely, or (2) delete the coverage when a motor vehicle is operated by a natural person or persons designated by name, or (3) agree to provide the coverage in an amount less than that required by subdivision (m) ~~but not less than the financial responsibility requirements specified in Section 16056 of the Vehicle Code~~. Any of these agreements by any named insured or agreement for the amount of coverage shall be binding upon every insured to whom the policy or endorsement provisions apply while the policy is in force, and shall continue to be so binding with respect to any continuation or renewal of the policy or with respect to any other policy that extends, changes, supersedes, or replaces the policy issued to the named insured by the same insurer, or with respect to reinstatement of the policy within 30 days of any lapse thereof. A policy shall be excluded from the application of this section if the automobile liability coverage is provided only on an excess or umbrella

basis. Nothing in this section shall require that uninsured motorist coverage be offered or provided in any homeowner policy, personal and residents' liability policy, comprehensive personal liability policy, manufacturers' and contractors' policy, premises liability policy, special multiperil policy, or any other policy or endorsement where automobile liability coverage is offered as incidental to some other basic coverage, notwithstanding that the policy may provide automobile or motor vehicle liability coverage on insured premises or the ways immediately adjoining.

(2) The agreement specified in paragraph (1) to delete the provision covering damage caused by an uninsured motor vehicle completely or delete the coverage when a motor vehicle is operated by a natural person or persons designated by name shall be in the following form:

“The California Insurance Code requires an insurer to provide uninsured motorists coverage in each bodily injury liability insurance policy it issues covering liability arising out of the ownership, maintenance, or use of a motor vehicle. Those provisions also permit the insurer and the applicant to delete the coverage completely or to delete the coverage when a motor vehicle is operated by a natural person or persons designated by name. Uninsured motorists coverage insures the insured, his or her heirs, or legal representatives for all sums within the limits established by law, that the person or persons are legally entitled to recover as damages for bodily injury, including any resulting sickness, disease, or death, to the insured from the owner or operator of an uninsured motor vehicle not owned or operated by the insured or a resident of the same

household. An uninsured motor vehicle includes an underinsured motor vehicle as defined in subdivision (p) of Section 11580.2 of the Insurance Code.”

The agreement may contain additional statements not in derogation of or in conflict with the foregoing. The execution of the agreement shall relieve the insurer of liability under this section while the agreement remains in effect.

(3) The agreement specified in paragraph (1) to provide coverage in an amount less than that required by subdivision (m) shall be in the following form:

“The California Insurance Code requires an insurer to provide uninsured motorists coverage in each bodily injury liability insurance policy it issues covering liability arising out of the ownership, maintenance, or use of a motor vehicle. Those provisions also permit the insurer and the applicant to agree to provide the coverage in an amount less than that required by subdivision (m) of Section 11580.2 of the Insurance Code ~~but not less than the financial responsibility requirements.~~ Uninsured motorists coverage insures the insured, his or her heirs, or legal representatives for all sums within the limits established by law, that the person or persons are legally entitled to recover as damages for bodily injury, including any resulting sickness, disease, or death, to the insured from the owner or operator of an uninsured motor vehicle not owned or operated by the insured or a resident of the same household. An uninsured motor vehicle includes an underinsured motor vehicle as defined in subdivision (p) of Section 11580.2 of the Insurance Code.”

The agreement may contain additional statements not in derogation of or in conflict with this paragraph. However, it shall be presumed that an application for a policy of bodily injury liability insurance containing uninsured motorist coverage in an amount less than that required by subdivision (m), signed by the named insured and approved by the insurer, with a policy effective date after January 1, 1985, shall be a valid agreement as to the amount of uninsured motorist coverage to be provided.

(b) As used in subdivision (a), "bodily injury" includes sickness or disease, including death, resulting therefrom; "named insured" means only the individual or organization named in the declarations of the policy of motor vehicle bodily injury liability insurance referred to in subdivision (a); as used in subdivision (a) if the named insured is an individual "insured" means the named insured and the spouse of the named insured and, while residents of the same household, relatives of either while occupants of a motor vehicle or otherwise, heirs and any other person while in or upon or entering into or alighting from an insured motor vehicle and any person with respect to damages he or she is entitled to recover for care or loss of services because of bodily injury to which the policy provisions or endorsement apply; as used in subdivision (a), if the named insured is an entity other than an individual, "insured" means any person while in or upon or entering into or alighting from an insured motor vehicle and any person with respect to damages he or she is entitled to recover for care or loss of services because of bodily injury to which the policy provisions or endorsement apply. As used in this subdivision, "individual" shall not include persons doing business as corporations, partnerships, or associations. As used in this subdivision, "insured motor vehicle" means the motor vehicle described in the underlying insurance policy of which the

uninsured motorist endorsement or coverage is a part, a temporary substitute automobile for which liability coverage is provided in the policy or a newly acquired automobile for which liability coverage is provided in the policy if the motor vehicle is used by the named insured or with his or her permission or consent, express or implied, and any other automobile not owned by or furnished for the regular use of the named insured or any resident of the same household, or by a natural person or persons for whom coverage has been deleted in accordance with subdivision (a) while being operated by the named insured or his or her spouse if a resident of the same household, but "insured motor vehicle" shall not include any automobile while used as a public or livery conveyance. As used in this section, "uninsured motor vehicle" means a motor vehicle with respect to the ownership, maintenance or use of which there is no bodily injury liability insurance or bond applicable at the time of the accident, or there is the applicable insurance or bond but the company writing the insurance or bond denies coverage thereunder or refuses to admit coverage thereunder except conditionally or with reservation, or an "underinsured motor vehicle" as defined in subdivision (p), or a motor vehicle used without the permission of the owner thereof if there is no bodily injury liability insurance or bond applicable at the time of the accident with respect to the owner or operator thereof, or the owner or operator thereof be unknown, provided that, with respect to an "uninsured motor vehicle" whose owner or operator is unknown:

- (1) The bodily injury has arisen out of physical contact of the automobile with the insured or with an automobile that the insured is occupying.
- (2) The insured or someone on his or her behalf has reported the accident within 24 hours to the police department of the city where the accident occurred or, if the

accident occurred in unincorporated territory then either to the sheriff of the county where the accident occurred or to the local headquarters of the California Highway Patrol, and has filed with the insurer within 30 days thereafter a statement under oath that the insured or his or her legal representative has or the insured's heirs have a cause of action arising out of the accident for damages against a person or persons whose identity is unascertainable and set forth facts in support thereof. As used in this section, "uninsured motor vehicle" shall not include a motor vehicle owned or operated by the named insured or any resident of the same household or self-insured within the meaning of the Financial Responsibility Law of the state in which the motor vehicle is registered or that is owned by the United States of America, Canada, a state or political subdivision of any of those governments or an agency of any of the foregoing, or a land motor vehicle or trailer while located for use as a residence or premises and not as a vehicle, or any equipment or vehicle designed or modified for use primarily off public roads, except while actually upon public roads.

As used in this section, "uninsured motor vehicle" also means an insured motor vehicle where the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified therein because of insolvency. An insurer's solvency protection shall be applicable only to accidents occurring during a policy period in which its insured's motor vehicle coverage is in effect where the liability insurer of the tortfeasor becomes insolvent within one year of the accident. In the event of payment to any person under the coverage required by this section and subject to the terms and conditions of the coverage, the insurer making the payment, shall to the extent thereof, be entitled to any proceeds that may be recoverable from

the assets of the insolvent insurer through any settlement or judgment of the person against the insolvent insurer.

~~Nothing in this section is intended to exclude from the definition of an uninsured motor vehicle any motorcycle or private passenger-type four-wheel drive motor vehicle if that vehicle was subject to and failed to comply with the Financial Responsibility Law of this state.~~

(c) The insurance coverage provided for in this section does not apply either as primary or as excess coverage:

(1) To property damage sustained by the insured.

(2) To bodily injury of the insured while in or upon or while entering into or alighting from a motor vehicle other than the described motor vehicle if the owner thereof has insurance similar to that provided in this section.

(3) To bodily injury of the insured with respect to which the insured or his or her representative shall, without the written consent of the insurer, make any settlement with or prosecute to judgment any action against any person who may be legally liable therefor.

(4) In any instance where it would inure directly or indirectly to the benefit of any workers' compensation carrier or to any person qualified as a self-insurer under any workers' compensation law, or directly to the benefit of the United States, or any state or any political subdivision thereof.

~~(5) To establish proof of financial responsibility as provided in Section 16054 of the Vehicle Code.~~

~~(6)~~

~~(5)~~ To bodily injury of the insured while occupying a motor vehicle owned by an insured or leased to an insured under a written contract for a period of six months or longer, unless the occupied vehicle is an insured motor vehicle. "Motor vehicle" as used in this paragraph means any self-propelled vehicle.

~~(7)~~

~~(6)~~ To bodily injury of the insured when struck by a vehicle owned by an insured, except when the injured insured's vehicle is being operated, or caused to be operated, by a person without the injured insured's consent in connection with criminal activity that has been documented in a police report and that the injured insured is not a party to.

~~(8)~~

~~(7)~~ To bodily injury of the insured while occupying a motor vehicle rented or leased to the insured for public or livery purposes.

(d) Subject to paragraph (2) of subdivision (c), the policy or endorsement may provide that if the insured has insurance available to the insured under more than one uninsured motorist coverage provision, any damages shall not be deemed to exceed the higher of the applicable limits of the respective coverages, and the damages shall be prorated between the applicable coverages as the limits of each coverage bear to the total of the limits.

(e) The policy or endorsement added thereto may provide that if the insured has valid and collectible automobile medical payment insurance available to him or her, the damages that the insured shall be entitled to recover from the owner or operator of

an uninsured motor vehicle shall be reduced for purposes of uninsured motorist coverage by the amounts paid or due to be paid under the automobile medical payment insurance.

(f) The policy or an endorsement added thereto shall provide that the determination as to whether the insured shall be legally entitled to recover damages, and if so entitled, the amount thereof, shall be made by agreement between the insured and the insurer or, in the event of disagreement, by arbitration. The arbitration shall be conducted by a single neutral arbitrator. An award or a judgment confirming an award shall not be conclusive on any party in any action or proceeding between (i) the insured, his or her insurer, his or her legal representative, or his or her heirs and (ii) the uninsured motorist to recover damages arising out of the accident upon which the award is based. If the insured has or may have rights to benefits, other than nonoccupational disability benefits, under any workers' compensation law, the arbitrator shall not proceed with the arbitration until the insured's physical condition is stationary and ratable. In those cases in which the insured claims a permanent disability, the claims shall, unless good cause be shown, be adjudicated by award or settled by compromise and release before the arbitration may proceed. Any demand or petition for arbitration shall contain a declaration, under penalty of perjury, stating whether (i) the insured has a workers' compensation claim; (ii) the claim has proceeded to findings and award or settlement on all issues reasonably contemplated to be determined in that claim; and (iii) if not, what reasons amounting to good cause are grounds for the arbitration to proceed immediately. The arbitration shall be deemed to be a proceeding and the hearing before the arbitrator shall be deemed to be the trial of an issue therein for purposes of issuance of a subpoena by an attorney of a party to the arbitration under

Section 1985 of the Code of Civil Procedure. Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure shall be applicable to these determinations, and all rights, remedies, obligations, liabilities and procedures set forth in Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure shall be available to both the insured and the insurer at any time after the accident, both before and after the commencement of arbitration, if any, with the following limitations:

(1) Whenever in Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure, reference is made to the court in which the action is pending, or provision is made for application to the court or obtaining leave of court or approval by the court, the court that shall have jurisdiction for the purposes of this section shall be the superior court of the State of California, in and for any county that is a proper county for the filing of a suit for bodily injury arising out of the accident, against the uninsured motorist, or any county specified in the policy or an endorsement added thereto as a proper county for arbitration or action thereon.

(2) Any proper court to which application is first made by either the insured or the insurer under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure for any discovery or other relief or remedy, shall thereafter be the only court to which either of the parties shall make any applications under Title 4 (commencing with Section 2016.010) of Part 4 of the Code of Civil Procedure with respect to the same accident, subject, however, to the right of the court to grant a change of venue after a hearing upon notice, upon any of the grounds upon which change of venue might be granted in an action filed in the superior court.

(3) A deposition pursuant to Chapter 9 (commencing with Section 2025.010) of Title 4 of Part 4 of the Code of Civil Procedure may be taken without leave of court, except that leave of court, granted with or without notice and for good cause shown, must be obtained if the notice of the taking of the deposition is served by either party within 20 days after the accident.

(4) Subdivision (a) of Section 2025.280 of the Code of Civil Procedure is not applicable to discovery under this section.

(5) For the purposes of discovery under this section, the insured and the insurer shall each be deemed to be "a party to the action," where that phrase is used in Section 2025.260 of the Code of Civil Procedure.

(6) Interrogatories under Chapter 13 (commencing with Section 2030.010) of Title 4 of Part 4 of the Code of Civil Procedure and requests for admission under Chapter 16 (commencing with Section 2033.010) of Title 4 of Part 4 of the Code of Civil Procedure may be served by either the insured or the insurer upon the other at any time more than 20 days after the accident without leave of court.

(7) Nothing in this section limits the rights of any party to discovery in any action pending or that may hereafter be pending in any court.

(g) The insurer paying a claim under an uninsured motorist endorsement or coverage shall be entitled to be subrogated to the rights of the insured to whom the claim was paid against any person legally liable for the injury or death to the extent that payment was made. The action may be brought within three years from the date that payment was made hereunder.

(h) An insured entitled to recovery under the uninsured motorist endorsement or coverage shall be reimbursed within the conditions stated herein without being required to sign any release or waiver of rights to which he or she may be entitled under any other insurance coverage applicable; nor shall payment under this section to the insured be delayed or made contingent upon the decisions as to liability or distribution of loss costs under other bodily injury liability insurance or any bond applicable to the accident. Any loss payable under the terms of the uninsured motorist endorsement or coverage to or for any person may be reduced:

(1) By the amount paid and the present value of all amounts payable to him or her, his or her executor, administrator, heirs, or legal representative under any workers' compensation law, exclusive of nonoccupational disability benefits.

(2) By the amount the insured is entitled to recover from any other person insured under the underlying liability insurance policy of which the uninsured motorist endorsement or coverage is a part, including any amounts tendered to the insured as advance payment on behalf of the other person by the insurer providing the underlying liability insurance.

(i) (1) No cause of action shall accrue to the insured under any policy or endorsement provision issued pursuant to this section unless one of the following actions have been taken within two years from the date of the accident:

(A) Suit for bodily injury has been filed against the uninsured motorist, in a court of competent jurisdiction.

(B) Agreement as to the amount due under the policy has been concluded.

(C) The insured has formally instituted arbitration proceedings by notifying the insurer in writing sent by certified mail, return receipt requested. Notice shall be sent to the insurer or to the agent for process designated by the insurer filed with the department.

(2) Any arbitration instituted pursuant to this section shall be concluded either:

(A) Within five years from the institution of the arbitration proceeding.

(B) If the insured has a workers' compensation claim arising from the same accident, within three years of the date the claim is concluded, or within the five-year period set forth in subparagraph (A), whichever occurs later.

(3) The doctrines of estoppel, waiver, impossibility, impracticality, and futility apply to excuse a party's noncompliance with the statutory timeframe, as determined by the court.

(4) Parties to the insurance contract may stipulate in writing to extending the time to conclude arbitration.

(j) Notwithstanding subdivisions (b) and (i), in the event the accident occurs in any other state or foreign jurisdiction to which coverage is extended under the policy and the insurer of the tortfeasor becomes insolvent, any action authorized pursuant to this section may be maintained within three months of the insolvency of the tortfeasor's insurer, but in no event later than the pertinent period of limitation of the jurisdiction in which the accident occurred.

(k) Notwithstanding subdivision (i), any insurer whose insured has made a claim under his or her uninsured motorist coverage, and the claim is pending, shall, at least 30 days before the expiration of the applicable statute of limitation, notify its insured

in writing of the statute of limitation applicable to the injury or death. Failure of the insurer to provide the written notice shall operate to toll any applicable statute of limitation or other time limitation for a period of 30 days from the date the written notice is actually given. The notice shall not be required if the insurer has received notice that the insured is represented by an attorney.

(l) As used in subdivision (b), "public or livery conveyance," or terms of similar import, shall not include the operation or use of a motor vehicle by the named insured in the performance of volunteer services for a nonprofit charitable organization or governmental agency by providing social service transportation ~~as defined in subdivision (f) of Section 11580.1~~. This subdivision shall apply only to policies of insurance issued, amended, or renewed on or after January 1, 1976. As used in this subdivision, "social service transportation" means transportation services provided by private nonprofit organizations or individuals to either individuals who are senior citizens or individuals or groups of individuals who have special transportation needs because of physical or mental conditions and supported in whole or in part by funding from private or public agencies.

(m) Coverage provided under an uninsured motorist endorsement or coverage shall be offered with coverage limits equal to the limits of liability for bodily injury in the underlying policy of insurance, but shall not be required to be offered with limits in excess of the following amounts:

(1) A limit of thirty thousand dollars (\$30,000) because of bodily injury to or death of one person in any one accident.

(2) Subject to the limit for one person set forth in paragraph (1), a limit of sixty thousand dollars (\$60,000) because of bodily injury to or death of two or more persons in any one accident.

(n) Underinsured motorist coverage shall be offered with limits equal to the limits of liability for the insured's uninsured motorist limits in the underlying policy, and may be offered with limits in excess of the uninsured motorist coverage. For the purposes of this section, uninsured and underinsured motorist coverage shall be offered as a single coverage. However, an insurer may offer coverage for damages for bodily injury or wrongful death from the owner or operator of an underinsured motor vehicle at greater limits than an uninsured motor vehicle.

(o) If an insured has failed to provide an insurer with wage loss information or medical treatment record releases within 15 days of the insurer's request or has failed to submit to a medical examination arranged by the insurer within 20 days of the insurer's request, the insurer may, at any time prior to 30 days before the actual arbitration proceedings commence, request, and the insured shall furnish, wage loss information or medical treatment record releases, and the insurer may require the insured, except during periods of hospitalization, to make himself or herself available for a medical examination. The wage loss information or medical treatment record releases shall be submitted by the insured within 10 days of request and the medical examination shall be arranged by the insurer no sooner than 10 days after request, unless the insured agrees to an earlier examination date, and not later than 20 days after the request. If the insured fails to comply with the requirements of this subdivision, the actual arbitration proceedings shall be stayed for at least 30 days following

compliance by the insured. The proceedings shall be scheduled as soon as practicable following expiration of the 30-day period.

(p) This subdivision applies only when bodily injury, as defined in subdivision (b), is caused by an underinsured motor vehicle. If the provisions of this subdivision conflict with subdivisions (a) through (o), the provisions of this subdivision shall prevail.

(1) As used in this subdivision, "an insured motor vehicle" is one that is insured under a motor vehicle liability policy, or automobile liability insurance policy, self-insured, or for which a cash deposit or bond has been posted to satisfy a financial responsibility law.

(2) "Underinsured motor vehicle" means a motor vehicle that is an insured motor vehicle but insured for an amount that is less than the uninsured motorist limits carried on the motor vehicle of the injured person.

(3) This coverage does not apply to any bodily injury until the limits of bodily injury liability policies applicable to all insured motor vehicles causing the injury have been exhausted by payment of judgments or settlements, and proof of the payment is submitted to the insurer providing the underinsured motorist coverage.

(4) When bodily injury is caused by one or more motor vehicles, whether insured, underinsured, or uninsured, the maximum liability of the insurer providing the underinsured motorist coverage shall not exceed the insured's underinsured motorist coverage limits, less the amount paid to the insured by or for any person or organization that may be held legally liable for the injury.

(5) The insurer paying a claim under this subdivision shall, to the extent of the payment, be entitled to reimbursement or credit in the amount received by the insured from the owner or operator of the underinsured motor vehicle or the insurer of the owner or operator.

(6) If the insured brings an action against the owner or operator of an underinsured motor vehicle, he or she shall forthwith give to the insurer providing the underinsured motorist coverage a copy of the complaint by personal service or certified mail. All pleadings and depositions shall be made available for copying or copies furnished the insurer, at the insurer's expense, within a reasonable time.

(7) Underinsured motorist coverage shall be included in all policies of bodily injury liability insurance providing uninsured motorist coverage issued or renewed on or after July 1, 1985. Notwithstanding this section, an agreement to delete uninsured motorist coverage completely, or with respect to a person or persons designated by name, executed prior to July 1, 1985, shall remain in full force and effect.

(q) Regardless of the number of vehicles involved whether insured or not, persons covered, claims made, premiums paid or the number of premiums shown on the policy, in no event shall the limit of liability for two or more motor vehicles or two or more policies be added together, combined, or stacked to determine the limit of insurance coverage available to injured persons.

SEC. 14. Section 11580.25 of the Insurance Code is amended to read:

11580.25. No motor vehicle insured pursuant to a policy of insurance issued under Section ~~11580.1~~ or 11580.2 shall be classified as a common carrier, livery, or for-hire vehicle solely for the reason that the named insured is performing volunteer

services for a nonprofit charitable organization or governmental agency consisting of providing social service transportation as defined in subdivision ~~(f)~~ of Section 11580.1 (l) of Section 11580.2.

SEC. 15. Section 11580.26 of the Insurance Code is amended to read:

11580.26. (a) Except where a named insured has agreed pursuant to Section 11580.2 to delete the coverages provided by that section, no policy of bodily injury liability insurance covering liability arising out of the ownership, maintenance, or use of any motor vehicle, except where the policy provides insurance in the Republic of Mexico issued or delivered in this state by nonadmitted Mexican insurers, and except a policy insuring a commercial vehicle as defined in Section 260 of the Vehicle Code, shall be issued or delivered in this state to the owner or operator of a motor vehicle, or shall be issued or delivered by any insurer licensed in this state upon any motor vehicle then principally used or principally garaged in this state, unless a named insured has been offered the following coverage:

(1) Where the policy of motor vehicle liability insurance includes collision coverage as defined in subdivision (d) of Section 660, coverage which provides that the deductible amount, if any, to be paid by the named insured under the collision coverage shall be payable by the insurer in the event of collision involving a vehicle owned by the named insured and insured under the policy, and an uninsured motor vehicle.

(2) Where the policy of motor vehicle liability insurance does not include collision coverage as defined in subdivision (d) of Section 660, coverage for property damage to the insured motor vehicle, but not including personal property contained

therein, caused by the owner or operator of an uninsured motor vehicle. As used in this subdivision, "property damage" means payment for loss or damage to the insured motor vehicle resulting from collision, not to exceed its actual cash value or three thousand five hundred dollars (\$3,500), whichever is less, for which loss or damage the insured is legally entitled to recover from the owner or operator of an uninsured motor vehicle. Property damage does not include compensation for loss of use of the motor vehicle. As used in this subdivision, the term "insured motor vehicle" means the motor vehicle described in the underlying insurance policy of which the uninsured motorist property damage coverage or endorsement applies.

(b) Every payment by an insurer under either coverage provided in paragraphs (1) and (2) of subdivision (a) shall be payable under the terms and conditions set forth in the policy, and shall be made only where the collision involves actual, direct physical contact between the insured and the uninsured motor vehicle and the owner or operator of the uninsured motor vehicle is identified or the uninsured motor vehicle is identified by its license number, provided that the insured or someone on his or her behalf shall have reported the accident within 10 business days to his or her insurer or their agent and, provided further, that it is also determined by the insured and insurer or, in the event of disagreement, by arbitration conducted by a single neutral arbitrator, when the insured has formally instituted arbitration proceedings within one year from the date of the accident, that the insured is legally entitled to recover the amount of the payments for property damage from the owner or operator of the uninsured motor vehicle. No cause of action shall exist against either an insured or insurer from

exercising the right to request arbitration of a claim under this section or Section 11580.2.

(c) Any named insured, prior to or subsequent to the issuance or renewal of a policy, may elect not to accept the type of coverage provided by this section or the insurer and any named insured may agree in writing to waive this coverage when a motor vehicle is used or operated by a person or persons designated by name. That election shall be binding upon every insured to whom the policy or endorsement provisions apply while the policy is in force and shall continue to be so binding, with respect to any continuation or renewal of the policy, or with respect to any other policy which extends, changes, supersedes, or replaces the policy issued to the named insured by the same insurer or with respect to reinstatement of the policy within 30 days of any lapse thereof. A policy shall be excluded from the application of this section if the only coverage, with respect to the use of any motor vehicle, is limited to the contingent liability arising out of the use of nonowned motor vehicles or if the automobile liability coverage is provided only on an excess or umbrella basis.

(d) An insurer paying a claim under any coverage required by this section shall be entitled to be subrogated to the rights of the insured to whom the claim was paid against any person legally liable for the damage to the insured motor vehicle to the extent that payment was made. The action may be brought within three years from the date that payment was made pursuant to this section.

In the event of a covered loss to a vehicle that is insured for the coverage described in paragraph (2) of subdivision (a) and also insured for collision coverage, the collision coverage shall pay for the covered loss and the insurance described in

paragraph (2) of subdivision (a) shall only pay any deductible not covered by the collision coverage not to exceed three thousand five hundred dollars (\$3,500).

(e) As used in this section, "uninsured motor vehicle" means any motor vehicle with respect to the ownership, maintenance, or use of which there is no property damage liability insurance or bond applicable at the time of the accident, or there is applicable insurance or bond but the company writing the insurance or bond denies coverage thereunder or refuses to admit coverage thereunder, except conditionally or with reservation, or a motor vehicle used without the permission of the owner thereof if there is no property damage liability insurance or bond applicable at the time of the accident with respect to the owner or operator thereof. ~~A motor vehicle which has at least the minimum property damage liability limits required pursuant to Section 16056 of the Vehicle Code shall not be held to be an uninsured motor vehicle even when the property damage liability limits are not sufficient to compensate for all property damage caused by the owner or operator of the vehicle.~~ As used in this section, "uninsured motor vehicle" shall not include a motor vehicle owned or operated by any insured or any resident of the named insured's household or self-insured within the meaning of the financial responsibility provisions of the state in which the motor vehicle is registered or which is owned by the United States of America, Canada, a state or political subdivision of any government, or an agency of any of the foregoing, or a land motor vehicle or trailer operated on rails or crawler treads or while located for use as a residence for premises and not as a vehicle, or a farm-type tractor or equipment designed for use principally off public roads, except while actually upon public roads. As used in this section, "uninsured motor vehicle" also means an insured motor vehicle

where the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified therein because of insolvency. An insurer's solvency protection shall be applicable only to accidents occurring during a policy period in which its insured's motor vehicle coverage is in effect where the liability insurer of the tortfeasor becomes insolvent within one year of the accident. In the event of payment to any person under the coverage required by this section and subject to the terms and conditions of the coverage, the insurer making the payment shall, to the extent thereof, be entitled to any proceeds which may be recoverable from the assets of the insolvent insurer through any settlement or judgment of the person against the insolvent insurer.

(f) The offer of coverage required by this section shall be made only for policies issued or renewed on or after July 1, 1984.

(g) Any insurer whose insured has made a claim under either coverage provided in paragraphs (1) and (2) of subdivision (a), and that claim is pending, shall, at least 30 days before the expiration of the applicable statute of limitation, notify its insured in writing of the statute of limitation applicable to the property damage. Failure of the insurer to provide the written notice shall operate to toll any applicable statute of limitation until 30 days after the date the written notice is actually given. The notice shall not be required if the insurer has received notice that the insured is represented by an attorney.

SEC. 16. Section 11580.4 of the Insurance Code is repealed.

~~11580.4. In any action or arbitration proceeding to determine whether an insured shall be entitled to recovery of damages under uninsured motorist coverage, the~~

~~certificate of the Department of Motor Vehicles that the owner or operator of the motor vehicle alleged to have been an uninsured motor vehicle at the time of the accident has not established financial responsibility, as provided in Section 16020 of the Vehicle Code, shall be admissible in evidence to create a rebuttable presumption that such vehicle was an uninsured motor vehicle at the time of the accident.~~

SEC. 17. Section 11580.9 of the Insurance Code is amended to read:

11580.9. (a) Where two or more policies affording valid and collectible automobile liability insurance apply to the same motor vehicle in an occurrence out of which a liability loss shall arise, and one policy affords coverage to a named insured engaged in the business of selling, repairing, servicing, delivering, testing, road-testing, parking, or storing motor vehicles, then both of the following shall be conclusively presumed:

(1) If, at the time of loss, the motor vehicle is being operated by any person engaged in any of these businesses, or by his or her employee or agent, the insurance afforded by the policy issued to the person engaged in the business shall be primary, and the insurance afforded by any other policy shall be excess.

(2) If, at the time of loss, the motor vehicle is being operated by any person other than as described in paragraph (1), the insurance afforded by the policy issued to any person engaged in any of these businesses shall be excess over all other insurance available to the operator as a named insured or otherwise.

(b) Where two or more policies apply to the same loss, and one policy affords coverage to a named insured who in the course of his or her business rents or leases motor vehicles without operators, it shall be conclusively presumed that the insurance

afforded by that policy to a person other than the named insured or his or her agent or employee, shall be excess over and not concurrent with, any other valid and collectible insurance applicable to the same loss covering the person as a named insured or as an additional insured under a policy with limits at least equal to the financial responsibility requirements specified in Section 16056 of the Vehicle Code. The presumption provided by this subdivision shall apply only if, at the time of the loss, the involved motor vehicle either:

(1) Qualifies as a "commercial vehicle." For purposes of this subdivision, "commercial vehicle" means a type of vehicle subject to registration or identification under the laws of this state and is one of the following:

(A) Used or maintained for the transportation of persons for hire, compensation, or profit.

(B) Designed, used, or maintained primarily for the transportation of property.

(2) Has been leased for a term of six months or longer.

(c) Where two or more policies are applicable to the same loss arising out of the loading or unloading of a motor vehicle, and one or more of the policies is issued to the owner, tenant, or lessee of the premises on which the loading or unloading occurs, it shall be conclusively presumed that the insurance afforded by the policy covering the motor vehicle shall not be primary, notwithstanding anything to the contrary in any endorsement required by law to be placed on the policy, but shall be excess over all other valid and collectible insurance applicable to the same loss with limits up to the financial responsibility requirements specified in Section 16056 of the Vehicle Code. In that event, the two or more policies shall not be construed as providing concurrent

coverage, and only the insurance afforded by the policy or policies covering the premises on which the loading or unloading occurs shall be primary and the policy or policies shall cover as an additional insured with respect to the loading or unloading operations all employees of the owner, tenant, or lessee while acting in the course and scope of their employment.

(d) Except as provided in subdivisions (a), (b), and (c), where two or more policies affording valid and collectible liability insurance apply to the same motor vehicle or vehicles in an occurrence out of which a liability loss shall arise, it shall be conclusively presumed that the insurance afforded by that policy in which the motor vehicle is described or rated as an owned automobile shall be primary and the insurance afforded by any other policy or policies shall be excess.

~~(e) Any insurance policy which, under the terms of subdivisions (a) to (d), inclusive, applies as excess coverage may provide with respect to any primary policy or to any loss to which primary insurance is not valid and collectible in whole or in part, that the excess policy shall apply only to the extent necessary to provide the insured with the coverage limits specified in Section 16056 of the Vehicle Code.~~

~~(f)~~

(e) The presumptions stated in subdivisions (a) to (d), inclusive, may be modified or amended only by written agreement signed by all insurers who have issued a policy or policies applicable to a loss described in these subdivisions and all named insureds under these policies.

~~(g)~~

(f) Where two or more personal policies affording valid and collectible liability insurance apply to the same motor vehicle in an occurrence out of which a loss shall arise, and one policy, as defined in subdivision (a) of Section 660, is primary, either by its terms or by operation of law, and one or more of the personal policies providing liability insurance, as defined in Section 108, are excess, either by their terms or by operation of law, then the following shall apply:

(1) Each insurer shall pay its share of the defense costs. Each insurer's share of the defense costs shall be the percentage of the total defense costs equal to the amount of damage paid by that insurer as a percentage of total damages paid by all insurers whose policies apply to that motor vehicle.

(2) The term "defense costs" means, for purposes of this subdivision, reasonable attorney's fees and expenses, investigation expenses, expert witness fees, and costs allowable under Section 1033.5 of the Code of Civil Procedure.

(h)

(g) Notwithstanding subdivision (b), when two or more policies affording valid and collectible automobile liability insurance apply to a power unit and an attached trailer or trailers in an occurrence out of which a liability loss shall arise, and one policy affords coverage to a named insured in the business of a trucker, defined as any person or organization engaged in the business of transporting property by auto for hire, then the following shall be conclusively presumed: If at the time of loss, the power unit is being operated by any person in the business of a trucker, the insurance afforded by the policy to the person engaged in the business of a trucker shall be primary for both

power unit and trailer or trailers, and the insurance afforded by the other policy shall be excess.

~~(i) For purposes of this article, a certificate of self-insurance issued pursuant to Section 16053 of the Vehicle Code or a deposit of cash made pursuant to Section 16054.2 of the Vehicle Code or a bond in effect pursuant to Section 16054 of the Vehicle Code or a report of governmental ownership or lease filed pursuant to Section 16051 of the Vehicle Code shall be considered a policy of automobile liability insurance. However, this subdivision does not establish or provide the basis for any other form of liability for or upon a self-insurer or other person or entity holding, issuing, or establishing any form of security as described herein.~~

SEC. 18. Section 11580.10 of the Insurance Code is repealed.

~~11580.10. Any liability insurer issuing or renewing an automobile liability policy or a motor vehicle liability policy within the meaning of subdivision (a) of Section 16054 of the Vehicle Code shall provide written notice to the named insured of the policy identification number that may be used for verifying financial responsibility for purposes of Section 16028 of the Vehicle Code. This notice may be provided in a written binder, if any, or in the policy documents provided upon issuance or renewal of the policy. The insurer shall provide at least two copies of the notice to the insured and shall, upon request and payment of the reasonable cost thereof, provide additional copies.~~

SEC. 19. Section 11622 of the Insurance Code is amended to read:

11622. Such plan shall require the issuance of a policy affording coverage in the amount of fifteen thousand dollars (\$15,000) for bodily injury to or death of each

person as a result of any one accident and, subject to said limit as to one person, the amount of thirty thousand dollars (\$30,000) for bodily injury to or death of all persons as a result of any one accident, and the amount of five thousand dollars (\$5,000) for damage to property of others as a result of any one accident, or in such minimum amounts as are necessary to provide exemption from the security requirements of Section 16021 of the Vehicle Code or for which proof of ability to respond in damages or adequate protection against liability is otherwise required by law, but shall not require the issuance of a policy affording coverage in excess of said amounts.

SEC. 20. Section 11629.71 of the Insurance Code is amended to read:

11629.71. A low-cost automobile insurance policy for purposes of the program established under this article shall have all of the following attributes:

(a) The policy shall offer coverage in the amount of ten thousand dollars (\$10,000) for bodily injury to, or death of, each person as a result of any one accident and, subject to that limit as to one person, the amount of twenty thousand dollars (\$20,000) for bodily injury to, or death of all persons as a result of any one accident, and the amount of three thousand dollars (\$3,000) for damage to property of others as a result of any one accident.

(b) The coverage required by Section 11580.2 shall be made available to the consumer. However, an insurer may charge a premium for that coverage in addition to the premium set forth in Section 11629.72. Notwithstanding the coverage amounts required by Section 11580.2 and Section 16056 of the Vehicle Code, uninsured motorist coverage issued in conjunction with a low-cost automobile policy under the program, with coverage limits at least equal to the limits of liability in the underlying low-cost

automobile policy, shall satisfy the requirements of Section 11580.2 and the financial responsibility requirements of Sections 4000.37, ~~16021~~, and 16431 of the Vehicle Code.

(c) Medical payments coverage shall be made available to the consumer. However, an insurer may charge a premium for that coverage in addition to the premium set forth in Section 11629.72.

(d) The policy shall have an initial term of one year, renewable on an annual basis thereafter.

(e) The policy shall cover the person named in the policy, and to the same extent that insurance is provided to the named insured, any other person using the automobile, provided the use is with his or her permission, express or implied, and within the scope of that permission, except that the policy shall not cover members of the named insured's household who do not satisfy the requirements of subdivisions (b) to (e), inclusive, of Section 11629.73.

(f) The policy shall provide coverage for an automobile with a value, at the time of purchase by the insured, of twenty thousand dollars (\$20,000) or less, as evidenced by the value given to the automobile by the Department of Motor Vehicles in assessing vehicle license fees.

SEC. 21. Section 11629.8 of the Insurance Code is amended to read:

11629.8. ~~Notwithstanding the coverage amounts required by Section 16056 of the Vehicle Code,~~ A low-cost automobile policy issued under the program shall satisfy the financial responsibility requirements of Sections 4000.37, ~~16021~~, and 16431 of the Vehicle Code.

SEC. 22. Section 7375 of the Labor Code is amended to read:

7375. (a) The division shall adopt regulations for the certification of all cranes and derricks used in lifting service, exceeding three tons rated capacity. Tower cranes shall be certified annually and whenever they are erected on a new site.

(b) These regulations shall specify the procedure for licensing the certifying agencies or agents to conduct certification inspections, and shall establish specific criteria for licensure as a certifier, including a written examination.

(c) No individual may certify a crane in which the individual or his or her employer has a direct or indirect financial interest, nor may an individual certify equipment that belongs to his or her employer. An individual may not certify equipment or devices that he or she has manufactured or helped to manufacture, if the equipment is owned by his or her employer. However, this subdivision shall not prohibit any of the following:

(1) The licensure of certifiers who are employed by insurance carriers that insure the specific crane.

(2) Except with respect to certification of tower cranes, the licensure of certifiers who are employed by an electrical, gas, or telephone corporation, as defined in Sections 218, 222, and 234, respectively, of the Public Utilities Code, or a municipal utility serving a city having a population of 3,000,000 or more, ~~that is issued a certificate of self-insurance pursuant to Article 3 (commencing with Section 16050) of Chapter 1 of Division 7 of the Vehicle Code and that is a self-insured employer under Article 1 (commencing with Section 3700) of Chapter 4 of Division 4 of this code.~~

(d) The certificating agency shall attest that it tested or examined the device or equipment and found it to meet the requirements of the division.

(e) The certificating agency shall notify the division of any deficiencies found during the crane certification inspection. A certificate shall not be issued until all deficiencies are corrected.

SEC. 23. Section 853.6a of the Penal Code is amended to read:

853.6a. (a) Except as provided in subdivision (b), if the person arrested appears to be under the age of 18 years, and the arrest is for a violation listed in Section 256 of the Welfare and Institutions Code, other than an offense involving a firearm, the notice under Section 853.6 shall instead provide that the person shall appear before the juvenile court, a juvenile court referee, or a juvenile hearing officer within the county in which the offense charged is alleged to have been committed, and the officer shall instead, as soon as practicable, file the duplicate notice with the prosecuting attorney unless the prosecuting attorney directs the officer to file the duplicate notice with the clerk of the juvenile court, the juvenile court referee, or the juvenile hearing officer. If the notice is filed with the prosecuting attorney, within 48 hours before the date specified on the notice to appear, the prosecutor, within his or her discretion, may initiate proceedings by filing the notice or a formal petition with the clerk of the juvenile court, or the juvenile court referee or juvenile hearing officer, before whom the person is required to appear by the notice.

(b) A juvenile court may exercise the option of not requiring a mandatory appearance of the juvenile before the court for infractions contained in the Vehicle Code, except those related to drivers' licenses as specified in Division 6 (commencing

with Section 12500), those related to financial responsibility as specified in Division 7 (commencing with Section 16000), those related to speeding violations as specified in Division 11 (commencing with Section 21000) in which the speed limit was violated by 15 or more miles per hour, and those involving the use or possession of alcoholic beverages as specified in Division 11.5 (commencing with Section 23500).

(c) In counties where an Expedited Youth Accountability Program is operative, as established under Section 660.5 of the Welfare and Institutions Code, a peace officer may issue a citation and written promise to appear in juvenile court or record the minor's refusal to sign the promise to appear and serve notice to appear in juvenile court, according to the requirements and procedures provided in that section.

(d) This section may not be construed to limit the discretion of a peace officer or other person with the authority to enforce laws pertaining to juveniles to take the minor into custody pursuant to Article 15 (commencing with Section 625) of the Welfare and Institutions Code.

SEC. 24. Section 1463.22 of the Penal Code is repealed.

~~1463.22. (a) Notwithstanding Section 1463, of the moneys deposited with the county treasurer pursuant to Section 1463, seventeen dollars and fifty cents (\$17.50) for each conviction of a violation of Section 16028 of the Vehicle Code shall be deposited by the county treasurer in a special account and allocated to defray costs of municipal and superior courts incurred in administering Sections 16028, 16030, and 16031 of the Vehicle Code. Any moneys in the special account in excess of the amount required to defray those costs shall be redeposited and distributed by the county treasurer pursuant to Section 1463.~~

~~(b) Notwithstanding Section 1463, of the moneys deposited with the county treasurer pursuant to Section 1463, three dollars (\$3) for each conviction for a violation of Section 16028 of the Vehicle Code shall be initially deposited by the county treasurer in a special account, and shall be transmitted once per month to the Controller for deposit in the Motor Vehicle Account in the State Transportation Fund. These moneys shall be available, when appropriated, to defray the administrative costs incurred by the Department of Motor Vehicles pursuant to Sections 16031, 16032, 16034, and 16035 of the Vehicle Code. It is the intent of this subdivision to provide sufficient revenues to pay for all of the department's costs in administering those sections of the Vehicle Code.~~

~~(c) Notwithstanding Section 1463, of the moneys deposited with the county treasurer pursuant to Section 1463, ten dollars (\$10) upon the conviction of, or upon the forfeiture of bail from, any person arrested or notified for a violation of Section 16028 of the Vehicle Code shall be deposited by the county treasurer in a special account and shall be transmitted monthly to the Controller for deposit in the General Fund.~~

SEC. 25. Section 12208 of the Revenue and Taxation Code is repealed.

~~12208. (a) There shall be allowed as a credit against the amount of tax, as defined in Section 28 of Article XIII of the California Constitution, an amount equal to the amount of the gross premiums tax due from the insurer on account of pilot project insurance for previously uninsured motorists.~~

~~(b) As used in this section "pilot project insurance for previously uninsured motorists" means motor vehicle liability insurance issued by an insurer under Article~~

~~5.5 (commencing with Section 11629.7) or Article 5.6 (commencing with Section 11629.9) of Chapter 1 of Part 3 of Division 2 of the Insurance Code, with respect to an insured who, at the time of the issuance, owned or operated a motor vehicle without proof of financial responsibility as defined in Section 16020 of the Vehicle Code, and any renewal of that insurance.~~

SEC. 26. Section 1963.6 of the Streets and Highways Code is amended to read:

1963.6. If the City of Lincoln or the City of Rocklin adopts a NEV transportation plan, each city shall also adopt all of the following as part of the plan:

(a) NEVs eligible to use NEV lanes shall meet the safety requirements for low-speed vehicles as set forth in Section 571.500 of Title 49 of the Code of Federal Regulations.

(b) A permit process for golf carts that requires speed-modified golf carts to meet minimum design criteria adopted pursuant to subdivision (a). The permit process may include, but not be limited to, permit posting, permit renewal, operator education, and other related matters.

(c) Minimum safety criteria for NEV operators, including, but not limited to, requirements relating to NEV maintenance and NEV safety. Operators shall be required to possess a valid California driver's license ~~and to comply with the financial responsibility requirements established pursuant to Chapter 1 (commencing with Section 16000) of Division 7.~~

(d) (1) Restrictions limiting the operation of NEVs to separated NEV lanes on those roadways identified in the transportation plan, and allowing only those NEVs and speed-modified golf carts that meet the safety equipment requirements specified

in the plan to be operated on separated NEV lanes of approved roadways in the plan area.

(2) Any person operating a NEV in the plan area in violation of this subdivision is guilty of an infraction punishable by a fine not exceeding one hundred dollars (\$100).

SEC. 27. Section 1965.5 of the Streets and Highways Code is amended to read:

1965.5. If the County of Orange adopts a NEV transportation plan for the Ranch Plan Planned Community, it shall also adopt all of the following as part of the plan:

(a) NEVs eligible to use NEV lanes shall meet the safety requirements for low-speed vehicles as set forth in Section 571.500 of Title 49 of the Code of Federal Regulations.

(b) Minimum safety criteria for NEV operators, including, but not limited to, requirements relating to NEV maintenance and NEV safety. Operators shall be required to possess a valid California driver's license ~~and to comply with the financial responsibility requirements established pursuant to Chapter 1 (commencing with Section 16000) of Division 7 of the Vehicle Code.~~

(c) (1) Restrictions limiting the operation of NEVs to separated NEV lanes on those roadways identified in the transportation plan, and allowing only those NEVs and golf carts that meet the safety equipment requirements specified in the plan to be operated on separated NEV lanes of approved roadways in the plan area.

(2) Any person operating a NEV in the plan area in violation of this subdivision is guilty of an infraction punishable by a fine not exceeding one hundred dollars (\$100).

SEC. 28. Section 1656.2 of the Vehicle Code is amended to read:

1656.2. The department shall prepare and publish a printed summary describing the penalties for noncompliance with ~~Sections~~ Section 16000 and 16028, which shall be included with each motor vehicle registration, registration renewal, and transfer of registration and with each driver's license and license renewal. The printed summary may contain, but is not limited to, the following wording:

~~“IMPORTANT FACTS ABOUT ENFORCEMENT OF CALIFORNIA’S
COMPULSORY FINANCIAL RESPONSIBILITY LAW~~ ACCIDENT REPORTS

~~California law requires every driver to carry written evidence of valid automobile liability insurance, a thirty-five thousand dollar (\$35,000) bond, a thirty-five thousand dollar (\$35,000) cash deposit, or a certificate of self-insurance that has been issued by the Department of Motor Vehicles.~~

~~You must provide evidence of financial responsibility when you renew the registration of a motor vehicle, and after you are cited by a peace officer for a traffic violation or are involved in any traffic accident. The law requires that you provide the officer with the name and address of your insurer and the policy identification number. Your insurer will provide written evidence of this number. Failure to provide evidence of your financial responsibility can result in fines of up to five hundred dollars (\$500) and loss of your driver's license. Falsification of evidence can result in fines of up to seven hundred fifty dollars (\$750) or 30 days in jail, or both, in addition to a one-year suspension of driving privileges.~~

Under existing California law, if you are involved in an accident that results in damages of over seven hundred fifty dollars (\$750) to the property of any person or

in any injury or fatality, you must file a report of the accident with the Department of Motor Vehicles within 10 days of the accident. If you fail to file a report ~~or fail to provide evidence of financial responsibility on the report~~, your driving privilege will be suspended for up to four years. Your suspension notice will notify you of the department's action and of your right to a hearing. Your suspension notice will also inform you that if you request a hearing, it must be conducted within 30 days of your written request, and that a decision is to be rendered within 15 days of the conclusion of the hearing."

SEC. 29. Section 4000.37 of the Vehicle Code is amended to read:

4000.37. (a) Upon application for renewal of registration of a motor vehicle, the department shall require that the applicant submit either a form approved by the department, but issued by the insurer, as specified in paragraph (1), (2), or (3), or any of the items specified in paragraph (4), as evidence that the applicant is in compliance with the financial responsibility laws of this state.

(1) For vehicles covered by private passenger automobile liability policies and having coverage as described in subdivisions (a) and (b) of Section 660 of the Insurance Code, or policies and coverages for private passenger automobile policies as described in subdivisions (a) and (b) of that section and issued by an automobile assigned risk plan, the form shall include all of the following:

(A) The primary name of the insured covered by the policy or the vehicle owner, or both.

(B) The year, make, and vehicle identification number of the vehicle.

(C) The name, the National Association of Insurance Commissioners (NAIC) number, and the address of the insurance company or surety company providing a policy or bond for the vehicle.

(D) The policy or bond number, and the effective date and expiration date of that policy or bond.

(E) A statement from the insurance company or surety company that the policy or bond meets the requirements of Section ~~16056~~ or 16500.5. ~~For the purposes of this section, policies described in Section 11629.71 of the Insurance Code are deemed to meet the requirements of Section 16056.~~

(2) For vehicles covered by commercial or fleet policies, and not private passenger automobile liability policies, as described in paragraph (1), the form shall include all of the following:

(A) The name and address of the vehicle owner or fleet operator.

(B) The name, the NAIC number, and the address of the insurance company or surety company providing a policy or bond for the vehicle.

(C) The policy or bond number, and the effective date and expiration date of the policy or bond.

(D) A statement from the insurance company or surety company that the policy or bond meets the requirements of Section ~~16056~~ or 16500.5 and is a commercial or fleet policy. For vehicles registered pursuant to Article 9.5 (commencing with Section 5301) or Article 4 (commencing with Section 8050) of Chapter 4, one form may be submitted per fleet as specified by the department.

(3) (A) The director may authorize an insurer to issue a form that does not conform to paragraph (1) or (2) if the director does all of the following:

(i) Determines that the entity issuing the alternate form is or will begin reporting the insurance information required under paragraph (1) or (2) to the department through electronic transmission.

(ii) Determines that use of the alternate form furthers the interests of the state by enhancing the enforcement of the state's financial responsibility laws.

(iii) Approves the contents of the alternate form as providing an adequate means for persons to prove compliance with the financial responsibility laws.

(B) The director may authorize the use of the alternate form in lieu of the forms otherwise required under paragraph (1) or (2) for a period of four years or less and may renew that authority for additional periods of four years or less.

(4) In lieu of evidence of insurance as described in paragraphs (1), (2), and (3), one of the following documents as evidence of coverage under an alternative form of financial responsibility may be provided by the applicant:

(A) An evidence form, as specified by the department, that indicates either a certificate of self-insurance or an assignment of deposit letter has been issued by the department pursuant to Sections 16053 or 16054.2.

(B) An insurance covering note or binder pursuant to Section 382 or 382.5 of the Insurance Code.

(C) An evidence form that indicates coverage is provided by a charitable risk pool operating under Section 5005.1 of the Corporations Code, if the registered owner of the vehicle is a nonprofit organization that is exempt from taxation under paragraph

(3) of subsection (c) of Section 501 of the United States Internal Revenue Code. The evidence form shall include:

(i) The name and address of the vehicle owner or fleet operator.

(ii) The name and address of the charitable risk pool providing the policy for the vehicle.

(iii) The policy number, and the effective date and expiration date of the policy.

~~(iv) A statement from the charitable risk pool that the policy meets the requirements of subdivision (b) of Section 16054.2.~~

(b) This section does not apply to any of the following:

(1) A vehicle for which a certification has been filed pursuant to Section 4604, until the vehicle is registered for operation upon the highway.

(2) A vehicle that is owned or leased by, or under the direction of, the United States or any public entity that is included in Section 811.2 of the Government Code.

(3) A vehicle registration renewal application where there is a change of registered owner.

(4) A vehicle for which evidence of liability insurance information has been electronically filed with the department.

SEC. 30. Section 6701 of the Vehicle Code is amended to read:

6701. (a) Any nonresident owner of a vehicle registered in a foreign state who is a member or spouse of a member of the armed forces of the United States on active duty within this state, and any resident owner of a vehicle registered in a foreign state who is a member or spouse of a member of the armed forces of the United States

returning from active duty in a foreign state, may operate the vehicle in this state without securing California registration after satisfying all of the following requirements:

(1) The license plates displayed on the vehicle are valid plates issued by a foreign jurisdiction.

(2) The vehicle registration and license plates are issued to the military person or spouse of the military person.

(3) The vehicle registration and license plates were issued by the foreign jurisdiction where the military person was last regularly assigned and stationed for duty by military orders or a jurisdiction claimed by the nonresident military person as the permanent state of residence.

~~(4) If the vehicle is a motor vehicle, the owner or driver has in force one of the forms of financial responsibility specified in Section 16021.~~

(b) For purposes of paragraph (3) of subdivision (a), military orders do not include military orders for leave, for temporary duty, or for any other assignment of any nature requiring the military person's presence outside the foreign jurisdiction where the owner was regularly assigned and stationed for duty.

(c) This section applies to all vehicles owned by the military person or spouse except any commercial vehicle used in any business manner wherein the military person or spouse receives compensation.

SEC. 31. Section 11515 of the Vehicle Code is amended to read:

11515. (a) (1) Whenever an insurance company makes a total loss settlement on a total loss salvage vehicle, the insurance company, an occupational licensee of the department authorized by the insurance company, or a salvage pool authorized by the

insurance company, within 10 days from the settlement of the loss, shall forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a fee in the amount of fifteen dollars (\$15), to the department. An occupational licensee of the department may submit a certificate of license plate destruction in lieu of the actual license plate.

(2) If an insurance company, an occupational licensee of the department authorized by the insurance company, or a salvage pool authorized by the insurance company is unable to obtain the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department within 30 days following oral or written acceptance by the owner of an offer of an amount in settlement of a total loss, that insurance company, licensee, or salvage pool, on a form provided by the department and signed under penalty of perjury, may request the department to issue a salvage certificate for the vehicle. The request shall include and document that the requester has made at least two written attempts to obtain the certificate of ownership or other acceptable evidence of title, and shall include the license plates and fee described in paragraph (1).

(3) The department, upon receipt of the certificate of ownership, other evidence of title, or properly executed request described in paragraph (2), the license plates, and the fee, shall issue a salvage certificate for the vehicle.

(b) Whenever the owner of a total loss salvage vehicle retains possession of the vehicle, the insurance company shall notify the department of the retention on a form prescribed by the department. The insurance company shall also notify the insured or owner of the insured's or owner's responsibility to comply with this subdivision. The

owner shall, within 10 days from the settlement of the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a fee in the amount of fifteen dollars (\$15) to the department. The department, upon receipt of the certificate of ownership or other evidence of title, the license plates, and the fee, shall issue a salvage certificate for the vehicle.

(c) Whenever a total loss salvage vehicle is not the subject of an insurance settlement, the owner shall, within 10 days from the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a fee in the amount of fifteen dollars (\$15) to the department.

(d) Whenever a total loss salvage vehicle is not the subject of an insurance settlement, a self-insurer, ~~as defined in Section 16052~~, shall, within 10 days from the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a fee in the amount of fifteen dollars (\$15) to the department.

(e) Prior to the sale or disposal of a total loss salvage vehicle, the owner, owner's agent, or salvage pool, shall obtain a properly endorsed salvage certificate and deliver it to the purchaser within 10 days after payment in full for the salvage vehicle and shall also comply with Section 5900. The department shall accept the endorsed salvage certificate in lieu of the certificate of ownership or other evidence of ownership when accompanied by an application and other documents and fees, including, but not limited to, the fees required by Section 9265, as may be required by the department.

(f) This section does not apply to a vehicle that has been driven or taken without the consent of the owner thereof, until the vehicle has been recovered by the owner and only if the vehicle is a total loss salvage vehicle.

(g) A violation of subdivision (a), (b), (d), or (e) is a misdemeanor, pursuant to Section 40000.11. Notwithstanding Section 40000.11, a violation of subdivision (c) is an infraction, except that, if committed with the intent to defraud, a violation of subdivision (c) is a misdemeanor.

(h) (1) A salvage certificate issued pursuant to this section shall include a statement that the seller and subsequent sellers that transfer ownership of a total loss vehicle pursuant to a properly endorsed salvage certificate are required to disclose to the purchaser at, or prior to, the time of sale that the vehicle has been declared a total loss salvage vehicle.

(2) Effective on and after the department includes in the salvage certificate form the statement described in paragraph (1), a seller who fails to make the disclosure described in paragraph (1) shall be subject to a civil penalty of not more than five hundred dollars (\$500).

(3) Nothing in this subdivision affects any other civil remedy provided by law, including, but not limited to, punitive damages.

SEC. 32. Section 11515.2 of the Vehicle Code is amended to read:

11515.2. (a) (1) If an insurance company makes a total loss settlement on a nonrepairable vehicle and takes possession of that vehicle, either itself or through an agent, the insurance company, an occupational licensee of the department authorized by the insurance company, or a salvage pool authorized by the insurance company,

shall, within 10 days after receipt of title by the insurer, free and clear of all liens, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a fee in the amount of fifteen dollars (\$15) to the department. An occupational licensee of the department may submit a certificate of license plate destruction in lieu of the actual license plate. The department, upon receipt of the certificate of ownership or other evidence of title, the license plates, and the fee, shall issue a nonrepairable vehicle certificate for the vehicle.

(2) If an insurance company, an occupational licensee of the department authorized by the insurance company, or a salvage pool authorized by the insurance company is unable to obtain the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department within 30 days following oral or written acceptance by the owner of an offer of an amount in settlement of a total loss, that insurance company, licensee, or salvage pool, on a form provided by the department and signed under penalty of perjury, may request the department to issue a nonrepairable vehicle certificate for the vehicle. The request shall include and document that the requester has made at least two written attempts to obtain the certificate of ownership or other acceptable evidence of title, and shall include the license plates and fee described in paragraph (1).

(3) The department, upon receipt of the certificate of ownership, other evidence of title, or properly executed request described in paragraph (2), the license plates, and the fee, shall issue a nonrepairable vehicle certificate for the vehicle.

(b) If the owner of a nonrepairable vehicle retains possession of the vehicle, the insurance company shall notify the department of the retention on a form prescribed

by the department. The insurance company shall also notify the insured or owner of the insured's or owner's responsibility to comply with this subdivision. The owner shall, within 10 days from the settlement of the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a fee in the amount of fifteen dollars (\$15) to the department. The department, upon receipt of the certificate of ownership or other evidence of title, the license plates, and the fee, shall issue a nonrepairable vehicle certificate for the vehicle.

(c) If a nonrepairable vehicle is not the subject of an insurance settlement, the owner shall, within 10 days from the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a fee in the amount of fifteen dollars (\$15) to the department.

(d) If a nonrepairable vehicle is not the subject of an insurance settlement, a self-insurer, ~~as defined in Section 16052~~, shall, within 10 days of the loss, forward the properly endorsed certificate of ownership or other evidence of ownership acceptable to the department, the license plates, and a fee in the amount of fifteen dollars (\$15) to the department.

(e) Prior to sale or disposal of a nonrepairable vehicle, the owner, owner's agent, or salvage pool shall obtain a properly endorsed nonrepairable vehicle certificate and deliver it to the purchaser within 10 days after payment in full for the nonrepairable vehicle and shall also comply with Section 5900. The department shall accept the endorsed nonrepairable vehicle certificate in lieu of the certificate of ownership or other evidence of ownership when accompanied by an application and other documents

and fees, including, but not limited to, the fees required by Section 9265, as may be required by the department.

(f) This section does not apply to a vehicle that has been driven or taken without the consent of the owner thereof, until the vehicle has been recovered by the owner and only if the vehicle is a nonrepairable vehicle.

(g) A nonrepairable vehicle certificate shall be conspicuously labeled with the words "NONREPAIRABLE VEHICLE" across the front of the certificate.

(h) A violation of subdivision (a), (b), (d), or (e) is a misdemeanor, pursuant to Section 40000.11. Notwithstanding Section 40000.11, a violation of subdivision (c) is an infraction, except that, if committed with intent to defraud, a violation of subdivision (c) is a misdemeanor.

SEC. 33. Section 12650 of the Vehicle Code is amended to read:

12650. (a) Any student over 15 years of age taking a course in automobile driver training, maintained pursuant to Article 12 (commencing with Section 41900) of Chapter 5 of Part 24 of Division 3 of Title 2 of the Education Code, in a secondary school or enrolled in a driver training course offered by a private or parochial school of secondary level may apply to the principal of the school for a student license.

(b) The application shall be signed by the applicant before the principal of the school, or a staff member assigned to such duty. The application shall be accompanied by a statement signed by the parents or guardian or person having custody of the minor, consenting to the issuance of a student license to the student and accepting liability for civil damages arising out of the student driving a motor vehicle upon a highway as provided for in Division 9 (commencing with Section 17000) of this code.

(c) Notwithstanding any other provision of this code, if the person or persons required to sign a statement consenting to the issuance of a student license and accepting liability as provided in subdivision (b) are not residents of this state and the student resides at the school, or the student is a foster child with no parents or guardian available to sign this statement, the application may be accepted if the principal of the school or staff member assigned such duties certifies that the school has filed with the department a certificate of insurance carrier or surety company that there is in effect a policy or bond meeting the requirements of Section 16056, and that such policy or bond will cover the liability for civil damages arising out of the student driving a motor vehicle upon a highway.

SEC. 34. Section 14100 of the Vehicle Code is amended to read:

14100. (a) Whenever the department has given notice, or has taken or proposes to take action under Section 12804.15, 13353, 13353.2, 13950, 13951, 13952, or 13953, the person receiving the notice or subject to the action may, within 10 days, demand a hearing which shall be granted, except as provided in Section 14101.

(b) An application for a hearing does not stay the action by the department for which the notice is given.

(c) The fact that a person has the right to request an administrative hearing within 10 days after receipt of the notice of the order of suspension under this section and Section 16070, and that the request is required to be made within 10 days in order to receive a determination prior to the effective date of the suspension shall be made prominent on the notice.

(d) The department shall make available notices, to accompany the notice provided pursuant to this section, that provide the information required pursuant to subdivision (c) in all non-English languages spoken by a substantial number of the public served by the department, and shall distribute the notices as it determines is appropriate.

(e) The department shall implement the provisions of subdivisions (c) and (d) as soon as practicable, but not later than January 1, 1994.

SEC. 35. The heading of Chapter 1 (commencing with Section 16000) of Division 7 of the Vehicle Code is amended to read:

CHAPTER 1. ~~COMPULSORY~~ ACCIDENT REPORTS AND FINANCIAL RESPONSIBILITY

SEC. 36. Section 16000 of the Vehicle Code is amended to read:

16000. (a) The driver of a motor vehicle who is in any manner involved in an accident originating from the operation of the motor vehicle on a street or highway, or is involved in a reportable off-highway accident, as defined in Section 16000.1, that has resulted in damage to the property of any one person in excess of seven hundred fifty dollars (\$750), or in bodily injury, or in the death of any person shall report the accident, within 10 days after the accident, either personally or through an insurance agent, broker, or legal representative, on a form approved by the department, to the office of the department at Sacramento, subject to this chapter. The driver shall identify on the form, by name and current residence address, if available, any person involved in the accident complaining of bodily injury.

(b) A report is not required under subdivision (a) if the motor vehicle involved in the accident was owned or leased by, or under the direction of, the United States, this state, another state, or a local agency.

(c) If none of the parties involved in an accident has reported the accident to the department under this section within one year following the date of the accident, the department is not required to file a report on the accident and the driver's license suspension requirements of Section 16004 or 16070 do not apply.

SEC. 37. Section 16000.7 of the Vehicle Code is amended to read:

16000.7. As used in this division an "uninsured motor vehicle" is a motor vehicle for which financial responsibility as provided in Section 16021 was not in effect at the time of the accident.

SEC. 38. Section 16000.8 of the Vehicle Code is repealed.

~~16000.8. (a) Notwithstanding any other provision of this chapter, if the failure of the driver of a motor vehicle involved in an accident to prove the existence of financial responsibility, as required by Section 16020, was due to the fraudulent acts of an insurance agent or broker, the department shall terminate any suspension action taken pursuant to Section 16070, when both of the following conditions are met:~~

~~(1) The driver provides documentation from the Department of Insurance that the insurance agent or broker has been found to have committed fraud in the transaction of automobile liability insurance, or provides documentation that criminal charges have been filed against the agent or broker due to fraud or theft related to the sale of automobile liability insurances.~~

~~(2) The driver furnishes proof to the department that financial responsibility meeting the requirements of Section 16021 is currently in effect.~~

~~(b) It is the intent of the Legislature in enacting this section that individuals who are the victims of insurance fraud not be penalized for violating the financial responsibility laws when that violation was due to the fraudulent acts of others. Persons with documented evidence of fraud involving their insurance coverage, such as where an insurance agent accepted the premium payment for coverage but willfully failed to obtain the coverage and led the customer to believe insurance was in effect, should retain their driving privileges provided they give evidence that valid liability insurance is currently in effect.~~

SEC. 39. Section 16002 of the Vehicle Code is amended to read:

16002. (a) If the driver at the time of the accident was driving a motor vehicle owned, operated, or leased by the employer of the driver and with the permission of the employer, then the driver shall within five days after the accident report the accident to his employer on a form approved by the employer. Within 10 days after receipt of the report the employer shall transmit a report on a form approved by the department to the office of the department at Sacramento, ~~except that an employer need not transmit such report when the vehicle involved in the accident is owned or operated as described in Section 16051 or 16052, or is owned or operated by any person or corporation who has filed with the department a certificate of an insurance carrier or surety company that there is in effect a policy or bond meeting the requirements of Section 16056 and when such policy or bond is in force with respect to the vehicle at the time of the accident.~~

(b) The driver of a vehicle that is owned or operated by a publicly owned or operated transit system, or that is operated under contract with a publicly owned or operated transit system, and that is used to provide regularly scheduled transportation to the general public or for other official business of the system shall, within 10 days of the occurrence of the accident, report to the transit system any accident of a type otherwise required to be reported pursuant to subdivision (a) of Section 16000. The transit system shall maintain records of any report filed pursuant to this paragraph. Within 10 days after receipt of the report, the transit system shall transmit a report on a form approved by the department to the office of the department in Sacramento, except that a transit system is not required to submit a report when the vehicle involved in the accident is owned or operated as described in subdivision (b) of Section 16000.

SEC. 40. Section 16004 of the Vehicle Code is amended to read:

16004. (a) The department shall suspend the driving privilege of any person who fails, refuses, or neglects to make a report of an accident as required in this chapter.

(b) A suspension taken under this section shall remain in effect until terminated by receipt of the report of the accident ~~or upon receipt of evidence that financial responsibility as provided in Section 16021 is in effect.~~

~~(c) The driving privilege shall not be suspended under this section, and, if a suspension has been imposed and is in effect under this section, that suspension shall be terminated, if the driving privilege is suspended under Section 16370 or 16381 as the result of a judgment arising out of the same accident for which the report of the accident is required by this section. The department may suspend or reimpose the suspension of the driving privilege of a person under this section if the suspension~~

~~under Section 16370 or 16381 is later set aside for a reason other than that the person has satisfied the judgment in full or to the extent provided in Chapter 2 (commencing with Section 16250) and has given proof of financial responsibility, as provided in Chapter 3 (commencing with Section 16430).~~

SEC. 41. Article 2 (commencing with Section 16020) of Chapter 1 of Division 7 of the Vehicle Code is repealed.

SEC. 42. Article 2 (commencing with Section 16020) is added to Chapter 1 of Division 7 of the Vehicle Code, to read:

Article 2. Financial Responsibility

16020. No section in this code or in any other code shall be construed to require all drivers and all owners of a motor vehicle to establish and to show evidence of financial responsibility for the vehicle, except as required pursuant to Chapter 4 (commencing with Section 16500) and Chapter 6 (commencing with Section 16560).

SEC. 43. Article 3 (commencing with Section 16050) of Chapter 1 of Division 7 of the Vehicle Code is repealed.

SEC. 44. Article 4 (commencing with Section 16070) of Chapter 1 of Division 7 of the Vehicle Code is repealed.

SEC. 45. Chapter 2 (commencing with Section 16250) of Division 7 of the Vehicle Code is repealed.

SEC. 46. Section 16431 of the Vehicle Code is amended to read:

16431. (a) Proof of financial responsibility may be given by the written certificate or certificates of any insurance carrier duly authorized to do business within the state, that it has issued to or for the benefit of the person named therein a motor vehicle liability policy as defined in Section 16450, ~~an automobile liability policy as defined in Section 16054, or any other liability policy issued for vehicles with less than four wheels that meets the requirements of Section 16056;~~ which, at the date of the certificate or certificates, is in full force and effect. Except as provided in subdivision (b), the certificate or certificates issued under any liability policy set forth in this section shall be accepted by the department and satisfy the requirements of proof of financial responsibility of this chapter. Nothing in this chapter requires that an insurance carrier certify that there is coverage broader than that provided by the actual policy issued by the carrier.

(b) The department shall require that a person whose driver's license has been revoked, suspended, or restricted under Section 13350, 13351, 13352, 13353, 13353.2, 13353.3, 13353.7, or 16370, provide, as proof of financial responsibility, a certificate or certificates that covers all motor vehicles registered to the person before reinstatement of his or her driver's license.

(c) Subdivision (b) does not apply to vehicles in storage if the current license plates and registration cards are surrendered to the department in Sacramento.

(d) (1) A resident of another state may provide proof of financial responsibility when required to do so under this code from a company authorized to do business in that person's state of residence, if that proof is satisfactory to the department, covers

the operation of a vehicle in this state, and meets the minimum coverage limit requirements specified in Section ~~16056~~ 16451.

(2) If the person specified in paragraph (1) becomes a resident of this state during the period that the person is required to maintain proof of financial responsibility with the department, the department may not issue or return a driver's license to that person until the person files a written certificate or certificates, as authorized under subdivision (a), that meets the minimum coverage limit requirements specified in Section ~~16056~~ 16451 and covers the period during which the person is required to maintain proof of financial responsibility.

(e) This section shall become operative on September 20, 2005.

SEC. 47. Section 16435 of the Vehicle Code is amended to read:

16435. Proof of financial responsibility may be given by the deposit of thirty-five thousand dollars (\$35,000); ~~as provided in Section 16054.2 with the department.~~ The department shall not accept a deposit where any judgment theretofore obtained against that person as a result of damages arising from the operation of any motor vehicle shall not have been paid in full.

SEC. 48. Section 16450 of the Vehicle Code is amended to read:

16450. A "motor vehicle liability policy," as used in ~~Chapters 1 (commencing with Section 16000), 2 (commencing with Section 16250), and Chapter 4 (commencing with Section 16500);~~ and this chapter, means an owner's policy or an operator's policy, or both, of liability insurance, certified as provided in Section 16431 as proof of financial responsibility, issued by an insurance carrier authorized to transact that business in this state to or for the benefit of the person named therein as assured. Any requirements

set forth in ~~Chapters 1 (commencing with Section 16000), 2 (commencing with Section 16250), and Chapter 4 (commencing with Section 16500)~~; and this chapter relating to a motor vehicle liability policy shall apply only to those policies which have been certified as proof of financial responsibility as provided in Section 16431.

SEC. 49. Section 16500 of the Vehicle Code is amended to read:

16500. Every owner of a vehicle used in the transportation of passengers for hire, including taxicabs, when the operation of the vehicle is not subject to regulation by the Public Utilities Commission, shall maintain, whenever he or she may be engaged in conducting those operations, proof of financial responsibility resulting from the ownership or operation of the vehicle and arising by reason of personal injury to, or death of, any one person, of at least fifteen thousand dollars (\$15,000), and, subject to the limit of fifteen thousand dollars (\$15,000) for each person injured or killed, of at least thirty thousand dollars (\$30,000) for the injury to, or the death of, two or more persons in any one accident, and for damages to property of at least five thousand dollars (\$5,000) resulting from any one accident. Proof of financial responsibility may be maintained by either:

(a) Being insured under a motor vehicle liability policy against that liability.

(b) Obtaining a bond of the same kind, and containing the same provisions, as those bonds specified in Section 16434.

(c) ~~(1)~~ By depositing with the department thirty-five thousand dollars (\$35,000), which amount shall be deposited in a special deposit account with the Controller for the purpose of this section.

(2) The department shall return the deposit to the person entitled thereto when he or she is no longer required to maintain proof of financial responsibility as required by this section or upon his or her death.

(d) (1) Qualifying as a self-insurer under Section 16053 paragraph (2).

(2) The department may in its discretion, upon application, issue a certificate of self-insurance when it is satisfied that the applicant in whose name more than 25 motor vehicles are registered is possessed and will continue to be possessed of ability to pay judgments obtained against him or her in amounts at least equal to the amounts provided in this section. The certificate may be issued authorizing the applicant to act as a self-insurer for either property damage or bodily injury or both. Any person duly qualified under the laws or ordinances of any city or county to act as self-insurer and then acting as such, may upon filing with the department satisfactory evidence thereof, along with the application as may be required by the department, be entitled to receive a certificate of self-insurance.

~~The department shall return the deposit to the person entitled thereto when he or she is no longer required to maintain proof of financial responsibility as required by this section or upon his or her death.~~

SEC. 50. Section 16500.5 of the Vehicle Code is amended to read:

16500.5. (a) Except as specified in subdivision (b), the owner of the following commercial vehicles shall maintain proof of financial responsibility in the amount required by the director:

(1) A vehicle used to carry passengers for hire, except taxicabs as defined in subdivision (c) of Section 27908.

(2) A vehicle having an unladen weight of over 7,000 pounds which is used in the transportation of property in the conduct of a business.

(b) Subdivision (a) does not apply to the following vehicles:

(1) A schoolbus.

(2) A motor vehicle used by a farmer exclusively in the transportation of his or her livestock, implements of husbandry, and agricultural commodities or in the transportation of supplies to his or her farm.

(3) A motor vehicle used by a resident farmer of this state to occasionally transport from the place of production to a warehouse, regular market, place of storage, or place of shipment the farm products of neighboring farmers in exchange for like services, farm products, or other compensation.

(4) A vehicle used in for-hire transportation which is subject to regulation by the Public Utilities Commission.

(5) A rented vehicle used for noncommercial transportation of property.

(c) The director shall establish the amounts which are determined adequate to cover damages resulting from the ownership or operation of a commercial vehicle or vehicles subject to this section arising by reason of personal injury to, or death of, any person or damage to property, or both. The director shall establish the amounts at levels equal to those prescribed by the Public Utilities Commission for owners and operators of for-hire vehicles subject to its jurisdiction and control.

(d) Proof of financial responsibility may be maintained by any of the following:

(1) Being insured under one or more motor vehicle liability policies against that liability.

(2) Obtaining a bond of the same kind, and containing the same provisions, as those bonds specified in Section 16434.

(3) By depositing with the department five hundred thousand dollars (\$500,000), which amount shall be deposited in a special deposit account with the Controller for the purpose of this section.

(4) Qualifying as a self-insurer under ~~Section 16053~~ subdivision (d) of Section 16500.

(e) The department shall return the deposit made pursuant to paragraph (3) of subdivision (d) to the person entitled thereto when the owner is no longer required to maintain proof of financial responsibility as required by this section or upon the owner's death.

(f) An insurer, agent, or broker who has been incorrectly informed by an owner of a vehicle or his or her representative that the vehicle is 7,000 pounds or less unladen weight, or is incorrectly informed by the owner or his or her representative that the vehicle is exempt from the requirements of subdivisions (a) and (c) pursuant to the exemptions set forth in subdivision (b), may issue a policy of motor vehicle liability insurance in any amount less than that required by the director but not less than the amounts required under Section 16451. The policy of motor vehicle liability insurance when issued shall not be deemed to provide liability coverage amounts greater than that specifically set forth in the policy notwithstanding that the vehicle weighs in excess of 7,000 pounds unladen weight or is subsequently used in a manner which would have required the vehicle to be insured in the amounts established by the director pursuant to subdivision (c).

SEC. 51. Section 35782 of the Vehicle Code is amended to read:

35782. (a) The Department of Transportation or a local authority may issue or withhold the permit at its discretion, or, if the permit is issued, do any of the following when necessary to protect against injury to the road, foundations, surfaces, or structures:

(1) Limit the number of trips.

(2) Establish seasonal or other time limitations within which the vehicle or vehicles described may be operated on the highways indicated.

(3) Otherwise limit or prescribe conditions of operation of the vehicle.

(b) The Department of Transportation or a local authority may not require the posting of a bond as a condition of the issuance of a permit, except that a requirement of extra insurance or other financial security may be imposed as a condition for a permit for unusually large or heavy loads that pose a substantial risk to public facilities.

(c) Except as provided in subdivision (b), the Department of Transportation or a local authority may not require proof of financial responsibility in an amount greater than that required for compliance with Section 16500.5 as a condition of the permit; ~~and shall accept evidence of financial responsibility that complies with Section 16020.~~

SEC. 52. Section 38026.5 of the Vehicle Code is amended to read:

38026.5. (a) In accordance with subdivision (c) of Section 4000, a motor vehicle issued a plate or device pursuant to Section 38160 may be operated or driven on a local highway, or a portion thereof, which is designated pursuant to Section 38026 if the operation is in conformance with the Vehicle Code and the vehicle complies with off-highway vehicle equipment requirements specified in this division.

(b) Notwithstanding subdivision (a), it is unlawful for any person using an off-highway vehicle on a combined-use highway to do any of the following:

(1) Operate an off-highway motor vehicle on the highway during the hours of darkness.

(2) Operate any vehicle on the highway which does not have an operational stoplight.

(3) Operate any vehicle on the highway which does not have rubber tires.

(4) Operate any vehicle without a valid driver's license of the appropriate class for the vehicle operation in possession.

~~(5) Operate any vehicle on the highway without complying with the provisions of Article 2 (commencing with Section 16020) of Chapter 1 of Division 7.~~

SEC. 53. Section 40611 of the Vehicle Code is amended to read:

40611. (a) Upon proof of correction of an alleged violation of Section 12500 or 12951, or any violation cited pursuant to Section 40610, ~~or upon submission of evidence of financial responsibility pursuant to subdivision (c) of Section 16028;~~ the clerk shall collect a twenty-five-dollar (\$25) transaction fee for each violation. The fees shall be deposited by the clerk in accordance with Section 68084 of the Government Code.

(b) (1) For each citation, ten dollars (\$10) shall be allocated monthly as follows:

(A) Thirty-three percent shall be transferred to the local governmental entity in whose jurisdiction the citation was issued for deposit in the general fund of the entity.

(B) Thirty-four percent shall be transferred to the State Treasury for deposit in the State Penalty Fund established by Section 1464 of the Penal Code.

(C) Thirty-three percent shall be deposited in the county general fund.

(2) The remainder of the fees collected on each citation shall be deposited in the Immediate and Critical Needs Account of the State Court Facilities Construction Fund, established in Section 70371.5 of the Government Code.

(c) No fee shall be imposed pursuant to this section if the violation notice is processed only by the issuing agency and no record of the action is transmitted to the court.

SEC. 54. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 55. This act may be amended only by a statute approved by the electors.