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Get reliable auto insurance for less. Act Now!



**CALIFORNIA'S  
LOW COST  
AUTO INSURANCE**

Sponsored by the California Department of Insurance

*Effective January 1, 2015*

## **CA Senate Bill 1273**

2013 CA Senate Bill 1273 expands applicant eligibility for a Low Cost Auto Policy. To comply with SB 1273, the Low Cost Program has been enhanced as follows:

- A definition of the term “driver’s license” is introduced. The definition includes a driver’s license issued by the Department of Motor Vehicles in accordance with Section 12801.9 of the Vehicle Code. Effective January 1, 2015, a person unable to submit satisfactory proof that the individual’s presence in the United States is authorized under federal law may be eligible for a driver’s license if he or she meets all other qualifications for licensure including satisfactory proof of their identity and residency in the state of California. An individual holding such license may be eligible for a Low cost Auto Policy provided they meet other eligibility requirements.
- Applicant eligibility is expanded to include persons 19 years of age or older who have not been continually licensed or have less than three years of driving history. These applicants may qualify for a Low Cost Auto Policy subject to a surcharge.
- The maximum value of the vehicle at the time of the application has been increased from \$20,000 to \$25,000 as indicated by the Vehicle License Fee (VLF) Code on the registration or certificate of title issued by the California Department of Motor Vehicles.

In addition to the enhancements necessary to comply with SB 1273, the following changes have been made to the CA Low Cost Program Plan of Operations:

*Effective January 1, 2015*

## **CA Low Cost Program Rates**

The Private Passenger Auto Liability rates, including rates for medical payments and uninsured motorists are revised; **effective January 1, 2015 for new business and March 1, 2015 for renewals.**

### **Definition of Family & Household**

The Definitions section is amended to revise the definitions of family and household to indicate how an applicant may demonstrate income eligibility.

- Section 22 is amended to delete references to eligibility and rating information related to insurer requests for information.

- Section 23 is amended to expand the application requirements to include listing of any family members for which the applicant is financially responsible and the list of reliable evidence from a governmental agency or governmental means tested program that may be used to verify income eligibility.
- Section 26 is amended to state that the premium payment options contained in that section pertain to Low Cost Auto Policies with effective dates of December 31, 2014 and prior.
- New Section 26A, applicable to policies with effective dates of January 1, 2015 and later, introduces a new installment premium payment option that requires a deposit of 20% of the estimated annual premium and provides seven monthly installments.
- Section 31 is amended to state the renewal procedures contained in that section pertain to Low Cost Auto Policies with effective dates of December 31, 2014 and prior.
- New Section 31A, applicable to policies with effective dates of January 1, 2015 and later, introduces provisions that streamline the renewal process by
  - (1) eliminating the requirement that the insurer issue an annual renewal questionnaire to each insured to confirm eligibility;
  - (2) stating that the insurer may, on an as needed basis, request underwriting and rating information from the insured at the start of the renewal process;
  - (3) clarifying that information received by an insurer earlier than the 40th day prior to expiration of the policy will be used to determine the renewal premium;
  - (4) stating that if the insured fails to respond to a request for information, the insurer may base its renewal offer on known policy information provided the insured continues to be eligible; and
  - (5) stating that if the risk is no longer eligible, the insurer may issue a nonrenewal notice.
- Section 32 introduces an assignment period of 36 consecutive months, eliminating the need for the applicant to re-qualify annually for a Low Cost Auto Policy.
- Section 37 is amended to
  - (1) clarify the premium payment options available and introduce a new installment payment option featuring a deposit of 20% of the estimated annual premium and seven monthly installments for policies with effective dates of January 1, 2015 and later;
  - (2) introduce a new procedure for requests for information which allows the insurer to obtain underwriting and rating information from the insured on an as needed basis at the start of the renewal process; and

(3) introduce an end of assignment period procedure which allows the insured to re-qualify for a Low Cost Auto Policy and another 36 consecutive month assignment period.

*Effective December 1, 2014, pursuant to directives from California's Department of Insurance*

## **Vehicle Value and Certificates of Title**

- Section 22 is amended to expand the vehicle eligibility documentation requirements to include a Certificate of Title that may be submitted at the time of application or with a policy change request when the applicant or insured has a newly acquired vehicle and a registration is not available.
- Section 23 is amended to expand the documented proof of the value of a vehicle at the time of the application to include a copy of the Certificate of Title when a vehicle is newly acquired and a copy of the registration is not available.
- Section 30 is amended to expand, for replacement vehicle, the documentation providing proof of the value of the vehicle at the time of policy change request submission to include a Certificate of Title. However, the assigned insurer must obtain a copy of the registration prior to issuance of a renewal.

## **Impact of the changes set forth above:**

- The Low Cost application and policy change request form (PCR) have been revised.
- The California Low Cost Policy has been revised.
- Low Cost rates have been adjusted and rates have been added for those applicants who may be subject to a surcharge based on driving experience.
- The installment payment options have been revised to one installment plan.
- The definitions of family and household have been updated for income eligibility purposes. This eliminates resident blood relatives who are not dependents from the income calculation for Low Cost eligibility.
- Certificates of Title are acceptable as proof of vehicle ownership.
- The Low Cost eligibility quiz has been revised to reflect all of the provisions set forth above.
- The Low Cost manual includes new rate tables and class codes.

## **Impact to Electronic Application Submission Interface (EASi)**

The Electronic Application Submission Interface (EASi), the system used for Low Cost application submission, has been updated. Some screens visible to producers during the quoting and application processing have changed.

To provide producers with an overview of the changes to screens revised in EASi, screen shots for some of the following scenarios are attached to this circular:

### **Quick Quote Screens:**

- ① Requested Effective Date. For policies entered into EASi with effective dates of 1/1/15 and thereafter, producers will see on the screen text “New! Rule changes effective 1/1/2015” and,
- ② A pop up message box, “**Pending Rule Changes**” 1/1/2015 Allow operators with less than 3 years driving experience to be eligible for coverage, with applicable surcharges.”
- ③ If a vehicle value higher than \$20,000 for policies with effective dates prior to 1/1/15, an error message will appear on the screen, “To be eligible, the vehicle value can’t be greater than \$20,000. For policies with effective dates 1/1/15 and subsequent, the message will show if a vehicle value greater than \$25,000 is entered.
- ④ At the point of the motor vehicle report (MVR) retrieval in EASi, should the MVR be returned showing that the operator has not been licensed for 3 years due to license suspension or revocation, the following message will appear on the screen, “(Warning: MVR indicates this person has “Not been licensed continuously for 3 years. License is suspended.” Please check the information you provided for this person and correct if necessary.)” EASi will allow the application processing to continue. The 30% surcharge will be included in the estimated premium based on applicable Plan rules.
- ⑤ At the point of the motor vehicle report (MVR) retrieval in EASi, should the MVR be returned indicating that the "original date" (of licensing) is less than three years prior to the application date and the operator’s license is valid, in the "Remarks" section on the printed app that EASi generates, the following comment will appear "Applicant may not have three years of driving experience, and may be subject to the inexperienced driver surcharge." In this case the applicant will be deemed eligible. Upon receipt of the application, the assigned company will review the MVR. Should the company determine that the applicant has not been licensed continuously for 3 years, the surcharge will be applied.

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All of the above-referenced amendments are set forth in the **CA Low Cost Plan of Operations**, as found on the **CA Low Cost website**, <https://www.aipso.com/Manuals/CaliforniaCAIPManuals.aspx>. For your use, we have attached to this announcement two informational documents concerning the Low Cost Program which are included in EASi:

- **California Low Cost Program-Eligibility Information**
- **Important Note To Producers**

The former will assist you in becoming familiar with the revised eligibility requirements for the Low Cost Program. The latter is a series of reminders to assist you in properly completing and submitting applications to the Plan for assignment.

Please feel free to contact the Plan with any questions about the revisions to the program.

## QUICK QUOTE SCREENS:

EASi 2.0 - Windows Internet Explorer

https://easi.aipso.com/forms/Operators.aspx

Convert Select

**ELECTRONIC APPLICATION SUBMISSION INTERFACE** **EASi 2.0**

STEVEN KAHAN  
TEST ADDRESS  
TEST CITY, CA 90001  
CA - LOWC  
Producer Sweep:  
Registered

Home  
Applications  
EPay Registration  
Frequently Asked Questions  
Register for EASI  
Change Password  
Hours of Operation  
Log Out

**Eligibility Check - Applicant**

Requested Effective Date (mmddyyyy) 11/01/2014 **New!** Rule changes effective 11/1/2014

First Name	lynda	<b>Operator Discounts/Surcharges</b>
Mi		Not Continuously Licensed for 3 Years - 30% Surcharge <input checked="" type="checkbox"/>
Last Name	surchargetest	Youthful Unmarried Male (19-24 yrs) Continuously Licensed for 3 Years - 25% Surcharge <input checked="" type="checkbox"/>
Date of Birth (mmddyyyy)	12/12/1990	
Driver's License Number	C2845106	
State Licensed	California	
Zip	90210	

Cancel Save and Continue

California Plan Forms: CAARP Forms, CA Low Cost Forms  
California Low Cost Interactive Manual: CALC Manual  
California AARP Interactive Manual: CAARP Manual  
Support, available Monday - Friday from 9:00 am until 6:00 pm (ET); Contact EASI Support  
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AIPSO 302 Central Avenue Johnston RI 02919

https://easi.aipso.com/ - Pending Rule Changes - ...

**Pending Rules Changes**

Allow operators with less than three years  
11/1/2014 driving experience to be eligible for coverage,  
with applicable surcharges.

EASi 2.0 - Windows Internet Explorer

https://easi.aipso.com/forms/Vehicles.aspx

Convert Select

EASi 2.0

ELECTRONIC APPLICATION SUBMISSION INTERFACE

STEVEN KAHAN  
TEST ADDRESS  
TEST CITY, CA 90001  
CA - LOWC  
Producer Sweep:  
Registered

Home

Applications

EPlay Registration

Frequently Asked Questions

Register for EASI

Change Password

Hours of Operation

Log Out

Applicant Vehicles Add Info Summary

**Eligibility Check - Vehicle**

County of Residence

Does the applicant own the vehicle? ☒ Yes ☐ No

To be eligible, the vehicle value can't be greater than \$20,000

Current Value of Vehicle

**Coverages**

Bodily Injury

Property Damage

Medical Payments

Uninsured Motorist Bodily Injury

California Plan Forms: [CAARP Forms](#), [CA Low Cost Forms](#)  
California Low Cost Interactive Manual: [CA LC Manual](#)  
California AARP Interactive Manual: [CA ARP Manual](#)  
Support, available Monday - Friday from 9:00 am until 6:00 pm (ET); [Contact EASI Support](#)  
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Summary - Windows Internet Explorer

https://easi.aipso.com/forms/RateSummary.aspx

Summary

Convert Select

ELECTRONIC APPLICATION SUBMISSION INTERFACE

EASI 2.0

STEVEN KAHAN  
TEST ADDRESS  
TEST CITY, CA 90001  
CA - LOWC  
Producer Sweep:  
Registered

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EPay Registration

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Log Out

Applicant Vehicles Addl Info Summary

Eligibility Check - Summary

Click here for Printer Friendly version

Department of Motor Vehicle Results

Operator Name	License Number	License State	Retrieval date	DMV Passed
lynda surchargetest	F2770077	CA	10/31/2014	Yes

(Warning: MVR indicates this person has "Not been licensed continuously for 3 years. License is suspended." Please check the information you provided for this person and correct it if necessary.)

Rate Information

Vehicle: 1

Coverage	Limit	Premium
Zip: 90210 Bodily Injury/Property Damage	10/20/3000	\$363
	Vehicle Premium:	\$363
	Not Continuously Licensed for 3 Years - 30% Surcharge	\$109.00
	Total Estimated Premium:	\$472

\* NOTE TO PRODUCER & APPLICANT: EASI HAS DETERMINED BASED UPON THE INFORMATION ENTERED THAT THE APPLICANT APPEARS TO MEET THE ELIGIBILITY REQUIREMENTS OF THE CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM (LCA). IF CAARP OR THE COMPANY OF ASSIGNMENT DETERMINE THAT THE APPLICANT IS NOT ELIGIBLE FOR COVERAGE UNDER THE PROGRAM RULES, THE APPLICATION AND PREMIUM DEPOSIT WILL BE RETURNED TO THE PRODUCER OF RECORD AND COVERAGE WILL BE VOID FROM INCEPTION.

First Name lynda Last Name surchargetest

Save and Exit Cancel Continue

California Plan Forms: CAARP Forms, CA Low Cost Forms  
California Low Cost Interactive Manual: CA LC Manual  
California AARP Interactive Manual: CA ARP Manual  
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## California Low Cost Program-Eligibility Information

There are several eligibility requirements for the Program that all applicants must meet before applying. On the following pages, you will be required to answer various questions that will determine your applicant's eligibility. **The applicant must live in California to be eligible for this Program.** The rates are based on the applicant's county of residence and length of driving experience.

The California Low Cost Program insures **one vehicle only** per policy. If the applicant has another vehicle to be insured, a separate application needs to be submitted.

- 
- Household annual income before taxes cannot exceed 250% of the federal poverty level.
  - Must be at least 19 years old.
  - No more than one moving violation or property damage only accident in which the driver was at fault in the past 3 years.
  - No at fault accident with BI or death in past 3 years.
  - No felony or misdemeanor convictions in violation of Vehicle Code on DMV record.
  - Is not a college student claimed as a dependent of another person for tax purposes.
  - Has not other automobile liability insurance coverage over and above this policy.
  - Value of vehicle cannot be more than \$25,000.
  - Cannot have more than 2 Low Cost policies per person insured through the CA Low Cost Auto Insurance Program.
  - Cannot have other liability insurance coverage in the household. However, you may purchase Physical Damage Coverage elsewhere. You may also purchase optional Uninsured Motorist Bodily Injury and Medical Payment coverages through the Program.
  - Cannot have a vehicle with a load capacity greater than  $\frac{3}{4}$  ton, or used for commercial or business purposes.

Does the applicant qualify for <b>ALL</b> of the above requirements?	Yes	No
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Note: By entering the applicant's CA Driver's License Number, the applicant's CA motor vehicle driving record will be reviewed electronically to determine whether they meet the good driver requirements of this Program.

If the applicant fails the MVR check or any of the other eligibility requirements, you will receive a message indicating that the applicant does not meet the requirements of the Program and you will not be able to create an EASi application.

If there is another licensed driver in the applicant's household, their motor vehicle driving record will also be reviewed electronically to determine whether they meet the good driver requirements of this Program. If the driver in the household fails the MVR check or does not meet the eligibility requirements, they will be considered an ineligible operator and will be automatically excluded from coverage by the insurance company.



## IMPORTANT NOTE TO PRODUCERS

**Please read the following before you submit your Low Cost application.**

### SIGNATURES

- Make sure both you (**Section 13.PRODUCER**) and the applicant (**Section 12. APPLICANT**) sign the application. **(Don't forget the date and hour in Section 14.EVIDENCE OF INSURANCE AND EFFECTIVE DATE OF COVERAGE)**
  - If the applicant does not sign the application, it will be **RETURNED**
- If UMBI coverage is **NOT** wanted by the applicant, make sure they sign **Section 11. REJECTION OF UNINSURED MOTORIST COVERAGE**.
- If a credit or debit card was used for payment, make sure both you and the **CARDHOLDER** sign the **CREDIT/DEBIT PAYMENT AUTHORIZATION FORM**.
- Make sure the applicant signs under the **NOTICE** on the final page of the application.

### ATTACHMENTS

Don't forget to attach the following required documents when mailing the application to the CAARP office. Failure to do so **WILL RESULT** in the application being returned to your office, may impact the effective date of coverage, and will delay the processing and assignment to an insurance company. The following are required:

- **DEPOSIT PAYMENT** (check payable to CALCA or an acceptable electronic payment type, for example, credit/debit/electronic check)
- **DRIVER'S LICENSE** **Driver's licenses are not needed for all applicants.** But may be required under Section 23.C of the CA Low Cost Auto Insurance Program-Plan of Operations
  - Check the expiration date on the copies required. If the license is currently **EXPIRED**, tell the applicant they need to provide a valid driver's license
  - Make sure it is a CA Driver's License and not a CA ID Card.
- **VEHICLE REGISTRATION OR ACCEPTABLE PROOF OF VEHICLE OWNERSHIP (CERTIFICATE OF TITLE)**
  - Make sure that the applicant's name is on the registration or title-**THE APPLICATION WILL BE REJECTED IF THE APPLICANT IS NOT THE LEGAL OWNER OF THE VEHICLE TO BE INSURED.**
  - If there is a co-owner on the vehicle registration that is not a member of the applicant's household as set forth in the definition of **HOUSEHOLD** in the Plan of Operations, please explain in the **REMARKS** section what the relationship of the other registered owner is to the applicant (for example, their father, their girlfriend, their child, etc.) Also indicate why the person is listed on the vehicle registration (co-signer on vehicle loan, etc.)
- **INCOME VERIFICATION**
  - ✓ a copy of the applicant's Federal or State Income Tax Return if filed in the previous calendar year, or if filed in the current year, whichever is most recent
  - ✓ Other reliable evidence from a governmental agency or governmental means tested program verifying the applicant's annual gross income. These alternative sources of documentation include, but are not limited to, the following:
    - 1099 Form
    - W-2 Form
    - Payroll stubs
    - Medi-Cal card

- Employer verification letter (on company letterhead)
- Social security or pension letter
- Utility company Lifeline verification
- Electronic Benefit Transfer (EBT) card
- Notifications from California Work Opportunity and Responsibility to Kids (Cal Works)
- State of California Employment Development Department (EDD) Debit Card or benefit letters
- Bank Statements as proof of deposits of Social Security payments
- CalFresh (food stamps)
- Cal Works (welfare)
- Medi-Cal (Medicaid)
- SSI (aged, blind, disabled)
- LIHEAP (low income home energy assistance)

### **IMPORTANT REMINDERS**

- Make sure that all copies of documents can be easily read. Applications will be returned if the information on vehicle registrations, income verification, and any required driver's licenses cannot be read.
- Make sure that the name of the applicant/household member is indicated on the proof of income document.

I have read and understood all of the eligibility and application requirements.