

## **CALIFORNIA PRIVATE PASSENGER POOL**

The CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN (CAARP) was created in 1947 by the state legislature with the essential purpose to provide automobile liability insurance to those who "in good faith" are entitled to but are unable to procure such insurance through ordinary methods. The statute indicates a legislative intent to encourage drivers to seek insurance in the voluntary market using the assigned risk plan only as a last resort. The Plan is created pursuant to California Insurance Code §11620. All insurers licensed to write automobile insurance in the State of California are required to subscribe to and participate in the administration of the Plan.

In 2021, the Insurance Commissioner approved a modification to the Plan of Operation allowing for a portion of the eligible applicants to be assigned to CAARP. CAARP was granted authority to issue private passenger policies in its own name. These policies meet the Financial Responsibility requirements of the California Vehicle Code and any losses sustained by the insureds are 100% reinsured by the subscribers to CAARP, according to their market share of voluntary writings. For example, a company which insures 10 percent of the cars in California's regular market reinsures 10 percent of the applicants to the assigned risk plan.