

ASSEMBLY BILL

No. 2677

Introduced by Assembly Member Ridley-Thomas

February 20, 2004

An act to add Chapter 12 (commencing with Section 679.8) to Part 1 of Division 1 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2677, as introduced, Ridley-Thomas. Insurance: toll-free telephone number.

Under existing law, the Insurance Commissioner generally regulates insurers. Under existing law any person who engages in any unfair method of competition or any unfair or deceptive act or practice, as defined, is liable to the state for a civil penalty, as specified.

This bill would require every insurer licensed to sell residential property insurance or personal auto insurance to maintain a toll-free telephone number available to consumers in the State of California, except as specified. The bill would require each insurer to provide this toll-free telephone number to the Department of Insurance and to make this toll-free number available to the consumer by maintaining a listing in the toll-free telephone directory. The toll-free number would either provide the caller with a quote for the requested insurance coverage or refer the caller to an insurer representative, insurance agent, or insurance broker who would provide a quote for the requested coverage. This bill would provide that a violation of these provisions would be an unfair and deceptive act or practice in the business of insurance.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 12 (commencing with Section 679.8) is
2 added to Part 1 of Division 1 of the Insurance Code, to read:

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4 CHAPTER 12. INSURER TOLL-FREE TELEPHONE NUMBER

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6 679.8. (a) Every insurer licensed to sell residential property
7 insurance, as described in Section 675, or personal auto insurance,
8 as described in Section 660, shall maintain a toll-free telephone
9 number available to consumers in the State of California. Each
10 insurer shall provide this toll-free telephone number to the
11 Department of Insurance and shall make this toll-free number
12 available to the consumer by maintaining a listing in the toll-free
13 telephone directory. The listing shall include the insurer’s name
14 and shall specifically mention homeowners and personal auto
15 insurance sales.

16 (b) Through this toll-free telephone number, the insurer shall
17 do either of the following:

18 (1) Provide the caller with a quote for the requested insurance
19 coverage.

20 (2) Refer the caller to an insurer representative, insurance
21 agent, or insurance broker who will provide a quote for the
22 requested coverage. The quote shall be provided no later than
23 seven days from the initial contact.

24 (c) If the consumer is not qualified to purchase insurance under
25 the insurer’s eligibility guidelines, the insurer shall provide this
26 information to the consumer and provide the reason for the
27 ineligibility.

28 (d) Residential property insurers with direct written premiums
29 of less than five hundred thousand dollars (\$500,000) for the
30 homeowners line of business in the most recent complete calendar
31 year are exempt from the requirements of this section.

32 (e) A violation of this section is an unfair and deceptive act or
33 practice in the business of insurance, and is subject to the penalty
34 provisions established in Section 790.035 and the administrative
35 process established in Article 6.5 (commencing with Section 790)
36 of Chapter 1 of Part 2 of Division 1.

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