

Sec.19. PRODUCER CERTIFICATION

Paragraphs B and H are amended as follows:

B. Relationship of Certified Producer to the Plan, the LCA, or Assigned Insurers

Certification shall not create an agency relationship between the Plan, the LCA, or any assigned insurer and the certified producer. All actions of a producer related to the Plan or the LCA are conducted on behalf of the applicant/insured and not on behalf of the Plan or the LCA. In so far as the producer is acting as any agent of any party in connection with any actions related to this Plan or the LCA, the producer shall be deemed to be the agent of the applicant/insured and not the agent of the Plan or the LCA and/or assigned insurer or servicing carrier.

However, the Plan shall assign any eligible applicant, and the assigned insurer or servicing carrier shall issue or renew a policy if after making good faith efforts it is unable to obtain any missing underwriting information needed to do so, notwithstanding any failure by a certified producer to remit premiums, premium deposits, or premium installments actually paid to the producer by an applicant or any person already insured through the Plan or LCA. However, a servicing carrier may nonrenew a commercial policy for the reason the insured has failed to obtain a producer of record after having been requested to do so by the servicing carrier in accordance with Section 54.A.16.

H. Plan or LCA Applications Submitted by Producer Whose Certification Is Suspended or Revoked or by a Broker-Agent Who Has Not Been Certified

A producer or broker-agent whose certification has been suspended or revoked shall not submit new Plan or LCA applications and shall not be entitled to any commission on new Plan or LCA assignments.

A producer whose certification has been revoked shall not be entitled to any commission on Plan or LCA renewal policies or other transactions after the period specified in the ~~fourth~~ fifth paragraph, below.

Should any producer whose certification has been suspended or revoked continue to submit new applications for Plan or LCA business to the Plan, or should new applications for Plan or LCA business be submitted by a producer who has never been certified, the Manager shall assign those applications to insurers as required by the Plan rules, notifying the assigned insurer that the broker-agent is not certified. In all such cases, the producer or broker-agent shall not be recognized as the producer of record under any

such assignment, and shall not be entitled to any commissions under policies written for those assignments.

When new applications for Plan or LCA business are submitted by a producer who has never been certified and the Manager assigns the application to an insurer as required by Plan rules, the assigned insurer shall send notice addressed to each named Plan or LCA insured advising that their producer is not certified. For CAARP private passenger risks and LCA risks, the notice must advise the insured that they have the option to choose a new producer or deal directly with the insurer. For CAARP commercial risks, the notice must advise the named insured that they must choose a new producer and that failure to do so may result in nonrenewal of their Plan policy.

In the event a producer's certification is revoked, within 30 days of notification by the Plan of the decertification, the assigned insurer shall send notice addressed to each named Plan or LCA insured for whom that producer was the producer of record, informing the insured(s) of the revocation. For CAARP private passenger risks and LCA risks, the insurer shall also inform the named insured of the insured's option to choose a new producer or to deal directly with the insurer. For CAARP commercial risks, the insurer shall also inform the named insured that they must choose a new producer and that failure to do so may result in nonrenewal of their Plan policy.

Nothing in these regulations shall be construed to permit or to require the withholding of any commissions due a producer on any Plan or LCA policies issued less than 30 days after the date of service or either the decision revoking or suspending the producer's certification, or an order by the Commissioner after an appeal if one is taken. Service may be made by facsimile ("fax"), by personal delivery to the producer or the producer's attorney, or by mail. The 30-day period is extended by five days if service is by mail. CAARP shall establish procedures to inform insurers having Plan or LCA policies in force from producers who are not certified or whose certification has been revoked of the first policy issuance date as specified in this paragraph for which commissions need not be paid.

COMMERCIAL AUTOMOBILE PART

Sec. 40. ELIGIBILITY

New paragraph A.3.f is introduced as follows:

A. New Applications

- 3. Applicants Not Eligible for Plan

An applicant shall not be entitled to bodily injury, property damage, medical payments, and uninsured motorists coverage nor shall any servicing carrier be required to afford or continue insurance under the following circumstances:

f. if the insured has failed to obtain a producer of record after having been requested to do so by the servicing carrier.

A new **second** paragraph in paragraph **B** is introduced as follows:

B. Renewals

Any insured who fails to pay the renewal premium quoted by the servicing carrier in accordance with the provisions of Section 54.A.2 of this Plan, may reapply for assignment at any time.

An insured whose Plan policy is nonrenewed for failure to obtain a new producer of record in accordance with Section 54.A.16 may reapply to the Plan at any time, provided such applicant is otherwise eligible for coverage through the Plan. The application shall be considered a new application and assigned to a servicing carrier in accordance with the provisions of Section 46.

Sec. 54. PERFORMANCE STANDARDS FOR SERVICING CARRIERS WRITING CALIFORNIA AUTOMOBILE

ASSIGNED RISK PLAN COMMERCIAL RISKS

New paragraph A.16 is introduced as follows:

A. Servicing Carrier Performance Standards

These servicing carrier performance standards set forth the specific requirements that servicing carriers shall meet in the underwriting and servicing of all insurance policies written through the Plan. Each failure to comply with one of these servicing carrier performance standards, or to comply with any statute or regulation governing assigned risk business or referenced in this Section, shall be considered one violation of the servicing carrier performance standards.

16. Policy With No Producer of Record

If during the policy period, the insured and/or producer notify the servicing carrier that the producer will no longer act as producer of record, the servicing carrier shall advise the insured to obtain a new producer. The servicing carrier shall make at least two written requests to the insured requesting a new producer of record. If the insured fails to provide a new producer of record, the servicing carrier will advise the insured that a Plan renewal policy will not be issued.