

2. AUTO LIABILITY NOTIFICATION (ALN)

2.1. Introduction

Under SB 652 (CH 880, 1999) an insurance verification system was created based on voluntary reporting of policy information. The Auto Liability Notification (ALN) was one of many programs that the California Department of Motor Vehicles (DMV) designed to support our ongoing commitment of continuously improving the quality of our services to the public. This program specifically focused on the insurance industry and the registration renewal process. To support this program DMV designed an insurance database to store liability insurance information for vehicles registered in the State of California.

The goal of ALN was to replace the paper evidence of liability insurance provided by vehicle owners renewing vehicles with an electronic file that identifies insured vehicles. Participating insurance companies provided the policy information, which was stored in the insurance database.

DMV used the database in its vehicle registration renewal process to determine:

- whether or not to request evidence of insurance when billing for vehicle renewal.
- when a customer is eligible to participate in the Vehicle Registration Internet Renewal process.
- when insurance is in effect while processing a vehicle renewal application.

As a result of this cooperative partnership, of the approximately 28.3¹ million vehicles registered in California on which owners are required to provide evidence of financial responsibility, more than 23 million of these vehicles currently have this information electronically reported to the DMV by insurance companies.

Recent legislation re-characterizes the ALN program, requiring mandatory electronic reporting of all private passenger automobile liability policies and coverage, including those issued by an automobile assigned risk plan. This updated manual addresses the changes to the program, as a result of the legislation.

¹ Represents the number of motor vehicles registered in California subject to the financial responsibility requirements for registration. Based on the number of automobiles, motorcycles, trucks, and miscellaneous vehicles identified in the 2005 DMV Statistics for Publication.

2.2. Background

Under Section 4000.37 of the California Vehicle Code, vehicle owners are required to submit evidence of financial responsibility to DMV when renewing their vehicle registration. Trailers, off-highway vehicles, and vessels are excluded from this requirement.

The evidence of financial responsibility requirement affects approximately 28.3 million vehicles in California. DMV processes approximately 60,000 paper insurance documents each day at headquarters. Nearly twenty percent of the renewals received do not contain any form of evidence of financial responsibility. Many of these renewals are for insured vehicles.

SB 1500 (Chapter [CH] 920, 2004) becomes effective January 1, 2006. This bill requires the mandatory electronic insurance reporting of all private passenger automobile liability (PPAL) policies. On or after January 1, 2006, each insurer shall electronically report all issued private passenger automobile liability policies or coverage within 30 days of the effective date of the coverage; and all terminations of a reported policy or any change of information previously reported within 45 days of the termination or change.

SB 1500 establishes a Vehicle Registration (VR) suspension program for impacted vehicle owners who:

- Fail to maintain liability insurance coverage;
- Fail to provide evidence of financial responsibility within 30 days after the issuance of the registration certificate upon initial registration or transfer of ownership; or
- Provide fraudulent evidence of financial responsibility.

The Budget Act of 2005 extends the implementation of the suspension portion of SB 1500 until October 1, 2006.

Assembly Bill (AB) 2709 (CH 948, 2004) becomes effective July 1, 2006. This bill requires the DMV to establish a method through which law enforcement agencies may electronically verify that minimum financial responsibility requirements are satisfied.