



Personal Insurance Federation of California

California's Personal Lines Trade Association

REPRESENTING THE LEADING AUTOMOBILE AND HOMEOWNERS INSURERS
State Farm • Farmers • 21st Century Insurance Group • SAFECO • Progressive

MEMORANDUM

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Date: April 14, 2003
To: Honorable Juan Vargas, Chair
Members, Assembly Insurance Committee
From: Dan C. Dunmoyer, President
G. Diane Colborn, Vice President of Legislative and Regulatory Affairs
Michael A. Gunning, Senior Legislative Advocate
Re: AB 1227 (McCarthy): Insurance Fraud: Theft: Bureau of Automotive Repair
Assembly Insurance Committee Hearing: April 30, 2003
PIFC Position: Support

The Personal Insurance Federation of California (PIFC), representing insurers who sell nearly 35% of the automobile insurance written in California, including State Farm, Farmers Insurance, SAFECO, 21st Century, and Progressive, **supports AB 1227** by Assembly member McCarthy.

AB 1227 proposes to clarify existing law and remove any ambiguity that insurers may provide information regarding possible fraudulent activity by auto body repair shops directly to the Bureau of Automotive Repair (BAR).

Currently, the insurance industry is regulated by the California Department of Insurance (CDI) Fraud Bureau regarding any and all possible fraudulent activities. As such, all incidents of suspected insurance fraud, including those of auto body repair shops, are reported directly to the CDI. It is not clear under existing law if the BAR is also included under the definition of "authorized governmental agency" as set forth in Insurance Code section 1874.1(a).

Presently, there are different interpretations regarding the BAR's authority to directly obtain information from insurers regarding possible fraudulent activity of auto body repair shops. AB 1227 provides a simple, technical clarification to Insurance Code section 1874.1(a), stating that the BAR is included in the definition of an "authorized governmental agency." This change in law is needed to make it clear that insurance companies have the authority to provide the suspected fraudulent information directly to the BAR without violating Section 791 of the Insurance Code (Insurance Information and Privacy Protection Act).

For all these reasons, **PIFC supports AB 1227 and urges an aye vote** on the bill when it is heard in committee. If you have any questions regarding PIFC position, please do not hesitate to contact Michael A. Gunning at (916) 442-6646.

cc: Ann Richardson, Deputy Legislative Secretary, Governor's Office
Chris Clay, Assembly Insurance Committee
Kevin Hanley, Assembly Republican Caucus

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