

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

**REG 2008-00026
CA 08-09**

July 1, 2009

INITIAL STATEMENT OF REASONS

Proposed Amendments to CAARP Simplified Rules and Rates Manual

PURPOSE OF THE REGULATION

Pursuant to California Insurance Code Section 11620 California Insurance Commissioner Steve Poizner will hold a public hearing regarding the recommendation of the California Automobile Assigned Risk Plan (“CAARP” or “Plan”) to amend the Simplified Rules and Rates Manual.

NECESSITY OF REGULATION

The premium development provisions for prepared food delivery operations in CAARP Rule 124 were modified in 2007 based on total delivery sale. However, at that time, separating bodily injury and property damage liability for statistical purposes was not contemplated. The change to existing Rule 124 is necessary because, although the base rate does not change, it requires insurers to identify the cost of bodily injury and property damage liability separately. This in-turn allows servicing carriers the ability to track bodily injury and property damage liability premium for statistical purposes. Once this information is gathered it is submitted to the Plan for review. This review will identify trends that could determine if an adjustment is needed to the current rate.

IDENTIFICATION OF STUDIES

The proposed amendments rely upon the expertise and experience of CAARP’s Advisory Committee. No data, studies, information or reports were submitted for this proceeding.

SPECIFIC ACTIONS, PROCEDURES, TECHNOLOGIES OR EQUIPMENT

Adoption of the proposed changes would not mandate the use of specific technologies or equipment.

REASONABLE ALTERNATIVES

The Commissioner invites public comments on the proposed changes and reasonable alternatives which would be as effective to carry out the proposed changes.

ECONOMIC IMPACT ON BUSINESS

The Commissioner has initially determined that the proposed changes will not have a significant adverse economic impact on businesses. The Commissioner invites interested parties to comment on whether the proposed changes will have a significant adverse economic impact on business.