



PERSONAL INSURANCE FEDERATION
OF CALIFORNIA



April 22, 2015

TO: The Honorable Adam Gray

FR: Pacific Association of Domestic Insurance Companies (PADIC)
National Association of Mutual Insurance Companies (NAMIC)
Association of California Insurance Companies (ACIC)
American Insurance Association (AIA)
Personal Insurance Federation of California (PIFC)
California Chamber of Commerce

RE: AB 1203 (Jones-Sawyer) Office of Emergency Services: Property Insurance Surcharge – OPPOSED

Dear Assemblymember Gray:

The above coalition of trade associations, PADIC, NAMIC, ACIC, AIA, PIFC and the Cal Chamber, appreciate the author's sincere desire to promote public safety by addressing funding for the Office of Emergency Services, the Department of Forestry and Fire Protection and the State Mutual Aid System. Protecting citizens of the state from the dangers of natural disasters is of paramount importance to insurers, the business community, and every Californian.

However, PADIC, NAMIC, ACIC, AIA, PIFC and the Cal Chamber are opposed to AB 1203, because:

- 1) It unfairly burdens insurance consumers and businesses with the financial responsibility of funding *general welfare* public services that impact more than just insurance consumers;
- 2) It will force private insurance companies to become public "tax collectors";
- 3) The proposed surcharge collections duty will create regulatory problems for insurers, whose relationship with policyholders is strictly regulated by the CDI, and could expose insurers to state and federal collections law legal liability;
- 4) The proposed legislation will create new administrative expenses and burdens for insurers that could adversely impact the cost of homeowner's insurance for consumers; and
- 5) AB 1203 would improperly interject insurance companies into a highly contested political debate over state taxation for public services. Insurers should not be put into a position of having to explain to policyholders why they are being asked to pay a 3% or 5% public safety service "hidden tax." Moreover, from a commercial freedom of speech standpoint, insurers should not be forced to have to explain, implement, and enforce state tax policy, especially tax policy the insurer may or may not believe in, as part of the insurer's private business enterprise.

For the aforementioned reasons, **PADIC, NAMIC, ACIC, AIA, PIFC and the Cal Chamber oppose AB 1203 and urge a “nay” vote.** Please feel free to contact Shari McHugh with PADIC at (916) 930-1993, Christian Rataj with NAMIC at (303) 907-0587, Armand Feliciano with ACIC at (916) 440-1117, Steven Suchil with AIA at (916) 442-7617, Manolo Platin with PIFC at (916) 442-6646 or Marti Fisher with the Cal Chamber at (916) 444-6670 if you have any questions.

Thank you.

CC: Members, Assembly Governmental Organization Committee