

June 19, 2014

**To:** The Honorable, Bill Monning, Chair  
The Honorable Ted Gaines, Vice Chair  
Members, Senate Insurance Committee

**From:** Rex D. Frazier, President  
Michael A. Gunning, Vice President  
Kara Cross, General Counsel  
Manolo P. Platin, Senior Legislative Advocate

**Re:** AB 1395 (Assembly Insurance Committee) Insurance: Special assessments: Seismic Safety Account

**Senate Insurance Committee Hearing, June 25, 2014**  
**PIFC Position: Support**

The Personal Insurance Federation of California, representing seven of the nation's largest insurance companies (State Farm, Farmers, Liberty Mutual Insurance, Progressive, Allstate, Mercury and Nationwide) who collectively write a majority of the personal line auto and home insurance in California, **supports AB 1395 Insurance: Special assessments: Seismic Safety Account by the Assembly Insurance Committee.**

AB 1395 (Perea) would solve two technical issues associated with insurance industry-collected fees that were enacted or modified in 2012-13 by the Legislature. Specifically, this bill would 1) modify the Auto Fraud fee to facilitate the collection process for insurers and 2) provide a safe harbor for companies collecting the Seismic Safety Commission fee and remitting it to the California Department of Insurance (CDI).

This bill is necessary because a portion of the annual Auto Fraud fee was adjusted down in SB 476 (Steinberg – 2013) to \$0.25 per policy, however, insurance company systems cannot evenly divide that sum between the two 6-month auto policy periods. Separately, a legal safe harbor is needed for insurance companies that collect the \$0.15 annual fee required per AB 98 (Budget Committee – 2013). Insurers do not keep any portion of these fees and pass them directly along to the CDI to support important state programs.

For these reasons, PIFC **supports AB 1395 Insurance: Special assessments: Seismic Safety Account by the Assembly Insurance Committee and urges your “aye” vote.** If you have any questions regarding PIFC's position, please contact Manolo P. Platin or Michael A. Gunning at (916) 442-6646.

cc: Assemblymember Henry Perea, Author  
Hugh Slayden, Principal Consultant, Senate Insurance Committee  
Tim Conaghan, Consultant, Senate Republican Caucus  
Gareth Elliot, Secretary of Legislative Affairs, Office of the Governor  
Robert Herrell, Legislative Director, California Department of Insurance



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