



TO: The Honorable Timothy Grayson

FR: American Property and Casualty Insurance Association (APCIA)
National Association of Mutual Insurance Companies (NAMIC)
Pacific Association of Domestic Insurance Companies (PADIC)
Personal Insurance Federation of California (PIFC)

Re: AB 3311 (Grayson) – Vehicle: Insurance - **OPPOSED**

The above coalition of insurance trade associations, which together represent the majority of the auto insurance industry in California, recognizes your desire to promote public safety by requiring drivers to purchase more auto insurance coverage. AB 3311 increases financial responsibility limits for auto policies to \$30,000 for bodily injury of one person, \$60,000 for bodily injury and death of all persons and \$25,000 for property damage. However, collectively, we respectfully **oppose** AB 3311 because an increase in minimum financial responsibility limits will result in higher auto insurance premiums for consumers, and increase the number of uninsured drivers on California roadways.

History has demonstrated that an increase in the minimum required policy coverage will cause premiums to rise. In 2009, Wisconsin increased auto insurance minimum limits. The next year **premiums went up 10 percent**, which was five times higher than the national average of 2 percent. Wisconsin repealed the increase in 2011 and average premiums decreased.¹ Increasing financial responsibility limits will negatively impact the 36 percent of Californians living at or near the poverty line. Consumers have auto policies at the current minimum financial responsibility limits because it is necessary to balance their financial obligations. Currently, we estimate that only 16% of drivers carry the minimum limits.

If the financial responsibility limits are increased as proposed by this measure, struggling Californians may be unable to afford auto insurance at all. Four of six states that increased financial responsibility laws saw uninsured motorist rates go up.² Our experts estimate that this bill could increase uninsured/underinsurance premiums by 23% due to the increase in uninsured drivers. Uninsured drivers are a serious public safety concern on California roadways because they are unable to cover the cost of damage they cause.

For these reasons, the above coalition of insurance trade associations **opposes AB 3311**. If you have any questions regarding our position, please contact Deanna Jarquin, PIFC at (925) 395-8802, Denni Ritter, APCIA at (209) 968-9107, Shari McHugh, PADIC, at (916) 930-1993 or Christian Rataj, NAMIC at (303) 907-9587.

¹ https://www.naic.org/prod_serv/AUT-PB-12_2015.pdf

² <https://www.iii.org/table-archive/20641>