

March 31, 2015

To: The Honorable Tom Daly, Chair
The Honorable Beth Gaines, Vice Chair
Members, Assembly Insurance Committee

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

Re: AB 822 (Cooley) California Insurance Guarantee Association: Insolvency

Assembly Insurance Committee Hearing- April 8, 2015

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 822: California Insurance Guarantee Association: Solvency by Assemblymember Cooley.**

Every admitted insurance company in California is a part of the California Insurance Guarantee Association (CIGA) that exists to pay the claims of insurance companies that have gone insolvent. This critical consumer protection ensures that California's insurance consumers will not be left with nothing, even in the worst-case scenarios.

AB 822 would create a clear statute of limitations for when actions against CIGA should begin to run. Without this bill, CIGA is forced to litigate *each claim* over when the statute of limitations begins, which is costly and ultimately not beneficial to consumers.

Specifically, this bill takes a reasonable approach by setting the statute of limitations for an action against CIGA to be one year after they deny a claim. This would provide certainty and eliminate the need for expensive and time-consuming litigation simply to determine when the statute of limitations had begun.

PIFC supports AB 822: California Insurance Guarantee Association: Solvency by Assemblymember Cooley and urges your "aye" vote. If you have any questions regarding PIFC's position, please contact Manolo P. Platin at (916) 442-6646.

cc: Assemblymember Ken Cooley, Author
Mark Rakich, Chief Consultant, Assembly Insurance Committee
Peter Anderson, Consultant, Assembly Republican Caucus
Camille Wagner, Secretary of Legislative Affairs, Office of the Governor
Robert Herrell, Legislative Director, California Department of Insurance



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