



STATE FARM
FARMERS
21ST CENTURY
SAFECO
PROGRESSIVE
NAMIC

September 13, 2007

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

Request for Signature on AB 1401

Dear Governor Schwarzenegger:

The Personal Insurance Federation of California (PIFC), representing insurers who write over 50% of all personal lines insurance sold in California, including State Farm, Farmers, Safeco, 21st Century, Progressive, and NAMIC, **respectfully requests your signature on Assembly Bill 1401**, authored by Assembly Member Aghazarian.

AB 1401 would help the California Department of Insurance (CDI) to fill 22 fraud investigator positions within the Fraud Division by increasing the current assessment on insurers from \$1300 per year to \$5100 per year. The increase would fund the costs of administration and operation of the Fraud Division of the CDI. The bill would also require the Fraud Division to annually post on the CDI's website the Division's investigative program performance and how many positions are being filled.

Insurance fraud is something that costs every Californian. The members of PIFC take fighting fraud very seriously because it drives up the cost of insurance for everyone in the state. PIFC and our Special Investigations Units have a long history of working extensively with the CDI Fraud Division to prevent insurance fraud. PIFC supports the efforts of Commissioner Poizner and Assembly Member Aghazarian in their efforts to combat insurance fraud in California.

Recently the Fraud Division was recognized for their work. According to the Coalition Against Insurance Fraud in their *Fraud Bureau Report of 2007*, California continues to convict more insurance swindlers than any other state—one of every three insurance fraud convictions in the U.S. The golden state's fraud bureau logged a record 1,546 convictions, ahead of runners-up Florida (493), New York (450) and New Jersey (354).

For the above reasons, **PIFC supports AB 1401 and urges you to sign this bill.** If you have any additional questions regarding our position, please do not hesitate to contact Michael A. Gunning at (916) 442-6646.

Sincerely,

Rex D. Frazier, President

Michael A. Gunning, Vice President

cc: Assembly Member Aghazarian (Author)
Susan P. Kennedy, Chief of Staff, Office of Governor Schwarzenegger
Mike Proso, Chief Deputy Legislative Affairs Secretary, Office of the Governor
Cynthia Bryant, Director, Office of Planning and Research
Kathleen Webb, Office of the Insurance Advisor

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