



MEMORANDUM

Date: April 16, 2008

To: The Honorable Pedro Nava, Chair
The Honorable Ted Gaines, Vice Chair
Members, Assembly Banking and Finance Committee

From: Rex D. Frazier, President
Michael A. Gunning, Vice President
Kimberley Dellinger, General Counsel
Ermelinda Ruiz, Legislative Advocate

Re: AB 2918 (Lieber) Employment: Usage of Consumer Credit
Assembly Banking and Finance Committee Hearing April 21, 2008
PIFC Position: Oppose unless amended

The Personal Insurance Federation of California, representing insurers who write over 50% of all personal lines insurance sold in the state, including State Farm, Farmers, Safeco, aigdirect.com, Progressive and NAMIC, is **opposed unless amended to AB 2918 authored by Assembly Member Lieber.**

AB 2918 would prohibit an employer from obtaining a credit report for employment purposes unless the information is 1) substantially job related and the employer's use of the report is disclosed to the consumer in writing; and 2) is required by law to be disclosed to or obtained by the employer.

PIFC and its member companies believe this bill would reduce consumer protection because it limits the ability for an insurance company or financial institution to scrutinize prospective employees. Insurance company employees have access to policyholder information and are performing a variety of duties which require them to handle confidential financial information. For example, insurance claims representatives not only have access to a policyholder's information, but they also have access to company funds and have the ability to issue settlement checks to claimants. Therefore, it is important that our members have the ability to conduct credit and background checks in order to gain a better understanding of job applicants.

The bill does not include a definition of the phrase "substantially job related" and therefore would make it difficult and cumbersome for our companies to determine which job classifications would require the use of credit reports.

PIFC and its member companies believe it is necessary to conduct credit checks because of the sensitive information an employee has access to.

PERSONAL INSURANCE FEDERATION OF CALIFORNIA

980 Ninth Street Suite 2030 Sacramento California 95814
T (916) 442 6646 F (916) 446 9548 E pifc@pifc.org www.pifc.org

PIFC further believes that it is prudent to protect the information of our policyholders. AB 2918 would restrict this practice.

PIFC requests the bill be amended to exempt businesses currently subject to the federal Gramm-Leach Bliley Act.

For the reasons stated above, PIFC is **opposed unless amended to AB 2918 and urges your no vote**. If you have any additional questions regarding our position, please do not hesitate to contact Ermelinda Ruiz at (916) 442-6646.

cc: Assembly Member Lieber (Author)
Mike Proso, Chief Deputy, Legislative Affairs Secretary, Office of the Governor
Kathleen O'Malley, Consultant, Assembly Banking and Finance Committee
Frank Prewoznik, Consultant, Assembly Republican Caucus
Kathleen Webb, Office of the Insurance Advisor