



STATE FARM
FARMERS
21ST CENTURY
SAFECO
PROGRESSIVE
NAMIC

FLOOR ALERT

Date: April 19, 2007
To: Members, California State Assembly
From: Rex D. Frazier, President
Michael A. Gunning, Vice President
Michael A. Paiva, Senior Legislative Advocate
Ermelinda Ruiz, Legislative Advocate
Re: AB 796 (Committee on Insurance): Earthquake Insurance
Assembly Third Reading
PIFC Position: Support

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, **supports Assembly Bill 796**, authored by the Assembly Committee on Insurance. AB 796 makes a technical, but important change to the Insurance Code to ensure that property owners are not unfairly surcharged if they have taken steps to protect their dwelling from certain earthquake risks.

Existing law allows an insurer to surcharge a property owner who fails to comply with certain building code standards such as installing foundation anchor bolts and bracing of cripple walls. Existing law also provides that when the property owner takes action to bring the dwelling into compliance with the Uniform Building Code (UBC) the insurer may not continue to surcharge the property owner.

Unfortunately, the UBC has not been published since 1997. AB 796 amends the Insurance Code to state that the property owner is exempt from insurer surcharges if they have made repairs to the dwelling consistent with the standards established by the UBC or "a successor edition of that code."

AB 796 is a common sense measure that will assist policyholders who have taken steps to make their dwelling safe from the risks associated with an earthquake.

For the above reasons, PIFC **supports AB 796 (Assembly Committee on Insurance)**. If you have any questions, please contact Michael A. Paiva at (916) 442-6646.

cc: Assembly Committee Insurance Members
Manny Hernandez, Consultant, Assembly Insurance Committee
Mike Proso, Chief Deputy, Legislative Affairs Secretary, Office of the Governor
Kevin Hanley, Consultant, Assembly Republican Caucus
Kathleen Webb, Office of the Insurance Advisor

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