



STATE FARM  
FARMERS  
21<sup>ST</sup> CENTURY  
SAFECO  
PROGRESSIVE  
NAMIC

## MEMORANDUM

**Date:** April 3, 2007

**To:** The Honorable Joe Coto  
Members, Assembly Insurance Committee

**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 Insurance Committee Hearing: April 11, 2007  
**PIFC Position: Support**

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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, 21<sup>st</sup> 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

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