



April 24, 2015

Geoffrey Margolis
Deputy Commissioner & Special Counsel
300 Capitol Mall, 17th Floor
Sacramento, CA 95814

RE: Proposed Revisions to the Draft Regulations Regarding Use of Groups in
Automobile Insurance Rating Under Proposition 103.

Dear Mr. Margolis:

The American Insurance Association (AIA), Association of California Insurance Companies (ACIC), National Association of Mutual Insurance Companies (NAMIC), Pacific Association of Domestic Insurance Companies (PADIC) and Personal Insurance Federation of California (PIFC), hereinafter, referred to as the “Trades,” thank the California Department of Insurance (the “Department”) for considering our attached revisions to the proposed draft regulations.

The Trades still hold the position that regulations are not necessary. The statute at issue, Insurance Code Section 1861.12, has been in effect and worked well for almost 27 years. During this time, insurers have submitted and received approval from the Department on hundreds of group plans. Millions of consumers from all walks of life have come to rely on these group rates including nurses, teachers, firefighters, police officers, librarians, recent college graduates, small business owners, retirees, and military veterans, to name a few. To change how the law works now, would greatly disrupt the marketplace and deprive consumers of actuarially sound group rates.

Further, the language of Insurance Code section 1861.12 is unambiguous. Regulations are not necessary to clarify the purpose of the statute. As drafted in their current form, the proposed regulations actually conflict with the statute, in that they place restrictions on groups, where the statute explicitly states that insurers may issue coverage on a group plan, “without restriction.” Furthermore, the regulations are not in furtherance of Prop 103.

Therefore, we strongly object to the need for regulations. However, in the event the Department is not persuaded to rescind its proposed regulations, we respectfully submit the attached proposed regulations as an alternative. As you will note our version stays within the clear meaning of the law in placing no restrictions on groups as to the purpose, occupation or type of group.

In response to the Department at the last workshop, we have also included a list of consumers/groups who will be impacted by the regulations. As mentioned above, these groups represent millions of consumers, who have yet to have a voice in the process. The Trades continue to encourage the Department to hold additional workshops, and to delay implementing regulations until having the opportunity to hear from these important voices.

Should you have any questions or concerns, please feel free to contact any of the following: Kara Cross, PIFC General Counsel (916-442-6646/kcross@pifc.org), Mark Sektnan, ACIC President ([916-205-2519](tel:916-205-2519)/mark.sektnan@pciaa.net), Shari McHugh, on behalf of PADIC, ([916-769-4872](tel:916-769-4872)/smchugh@mchughgr.com), Christian Rataj, NAMIC Senior Director ([303-907-0587](tel:303-907-0587)/crataj@namic.org), or Steve Suchil, AIA Assistance Vice President ([916-718-9568](tel:916-718-9568)/ssuchil@aiadc.org).

CC: Joel Laucher, Deputy Commissioner, Rate Regulation