

# **“The Dictionary”**

## **Summary of Legislative Measures 2004 Legislative Session**

**Prepared by the  
Personal Insurance Federation of California**

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## **ADJUSTERS**

### **AB 1431 (Frommer) -- Insurance Administrators**

**PIFC Position:** Neutral

**Status:** Vetoed by the Governor

Revises the definition of administrator to include an independent practice association that adjusts or settles claims, and an organization that adjusts or settles claims from independent practice association member and nonmember providers. Excludes from that definition certain persons and entities that are subject to the laws regulating health care service plans. Provides an exemption under specified criteria.

### **AB 1953 (Vargas) -- Public Insurance Adjusters: Contracts**

**PIFC Position:** Support

**Status:** Chapter 600 of the 2004 Statutes

Requires that a public adjuster contract contain specified provisions, including a provision disclosing the percentage of the insured's claim, or other fee, that the public adjuster will charge for his or her services. Requires that the adjuster obtain the initials of the insured next to this provision. Prohibits an adjuster from soliciting a contract of engagement until seven calendar days have elapsed since the occurrence of a disaster. Provides client cancellation procedures.

## **ADVERTISING**

### **SB 584 (Alarcon) -- Advertising**

**PIFC Position:** Oppose

**Status:** Died in Assembly Business and Professions Committee

Requires an insurer or public utility that advertises a service, product, or policy in designated languages to provide specified information to the consumer and to notify consumers of the right to request this information. Specifies the Insurance Commissioner and the Public Utilities Commission are responsible for ensuring that the companies under its regulatory authority comply.

## **AGENT/BROKER**

### **AB 700 (Diaz) -- Insurance**

**PIFC Position:** Neutral

**Status:** Chapter 47 of the 2004 Statutes

Allows insurers who are licensed to transact credit insurance in other states to also be eligible to issue financial guaranty insurance in California

### **AB 1297 (Frommer) -- Insurance: Tax Avoidance**

**PIFC Position:** Neutral

**Status:** Vetoed by the Governor

Provides that it is against public policy for an insurance policy to provide coverage for, or a duty to defend a claim for, any loss, tax, penalty, interest, fine or reimbursement attributable to an abusive tax avoidance transaction. Provides any such policy issued, amended or renewed on or after September 1, 2004, shall be null and void and premiums shall be returned. Imposes a penalty for specified arrangements resulting from an abusive tax avoidance transaction.

### **AB 2557 (Koretz) -- Insurance: Licensing**

**PIFC Position:** Neutral

**Status:** Chapter 279 of the 2004 Statutes

Relates to existing law that makes it a misdemeanor to act, offer to act, or assume to act in a capacity for which a license as an insurance agent, broker, solicitor, or life agent is required without being properly licensed to so do. Makes the transaction of insurance without a valid

license a misdemeanor. Requires an applicant for licensure to notify the Insurance Commissioner with any background information changes after the application was filed.

**SB 1273 (Scott) – Insurance Misrepresentations**

**PIFC Position:** Watch

**Status:** Chapter 730 of the 2004 Statutes

Increases penalties for misrepresentation by an insurer of the terms of a policy issued by the insurer, or to make any misrepresentation to another person for the purpose of inducing the person to take out a policy of insurance or to lapse, forfeit, or surrender insurance in a policy he or she holds. Prohibits these actions with respect to any statement that is known, or should have been known, to be a misrepresentation.

**SB 1495 (Machado) -- Insurance: Fees: Fraud**

**PIFC Position:** Watch

**Status:** Chapter 160 of the 2004 Statutes

Requires an insurer, after notice, to reimburse any fees and extra premiums charged to an insured due to a late premium payment or a lapse in coverage if the late payment or lapse in coverage was the result of fraud committed by a licensed agent or broker and if specified events related to criminal or administrative charges against the agent or broker have occurred.

**ARSON**

**AB 1907 (Pacheco) -- Arson**

**PIFC Position:** Neutral

**Status:** Chapter 135 of the 2004 Statutes

Increases the amount of property damage and other losses that constitutes the crime of aggravated arson and extends the repeal date of the provisions governing such property damage.

**ATTORNEYS**

**AB 1711 (Assembly Judiciary Committee) -- Regulation of Legal Proceedings**

**PIFC Position:** Watch

**Status:** Chapter 529 of the 2004 Statutes

Deletes obsolete provisions of existing law that requires the licensing and regulation of attorneys by the State Bar of California and for the determination of disciplinary and reinstatement proceedings by the State Bar Court. Requires any person filing any brief or petition with the court in those proceedings to serve a copy of that brief or petition to the Attorney General and District Attorney. Prohibits a private party cause of action for certain outdoor advertising displays.

**AB 2336 (Pacheco) -- Attorney's Liens**

**PIFC Position:** Watch

**Status:** Died in Assembly Judiciary Committee

Establishes a lien on behalf of an attorney, for his or her compensation, upon property of the client in the attorney's possession. Establishes a lien on behalf of an attorney upon an action, suit, or proceeding and any judgments, decrees, orders, and awards entered therein in his or her client's favor and the proceeds thereof. Provides for the enforcement of such lien. Provides that the lien has priority over all other liens.

**AB 2347 (Maddox) -- Attorney Fees**

**PIFC Position:** Watch

**Status:** Chapter 328 of the 2004 Statutes

Provides that, in any action on a contract based on a book account that does not provide for attorney's fees and costs, the prevailing party on the contract is entitled to reasonable attorney's fees and costs, and the court is required to fix the attorney's fees in an amount that does not exceed the lesser of \$800 for book accounts that are maintained for consumer purposes and \$1,000 for business book accounts or 25% of the principal obligation owing on the contract.

**AB 2713 (Pavley) -- Representation of Governmental Organizations**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Authorizes an attorney who, in the course of representing a governmental organization, learns of improper governmental activity, to urge reconsideration of the matter and to refer it to a higher authority in the organization. Authorizes the attorney, in specified circumstances, to refer the matter to a law enforcement agency or to another governmental agency. Exempts the attorney from disciplinary action for making a referral of the matter.

**SB 1811 (Morrow) -- Attorneys Fees: Senior Citizens and Minors**

**PIFC Position:** Watch

**Status:** Died in Senate Judiciary Committee

Provides that in the absence of a written fee contract or contingency fee agreement for legal services between an attorney and a senior citizen, this legislation would void any contingency fee contract for attorney's fees for services in litigation made by or on behalf of a senior citizen that is not approved by the court in which the litigation is pending. Fixes attorney's fees chargeable to a minor for civil litigation services.

**AUTOMOBILE INSURANCE**

**AB 1729 (Bermudez) -- Automobile Insurance: Persistency**

**PIFC Position:** No position

**Status:** Died on the Senate Inactive File

Provides that the provisions of existing law allowing the use of persistency of coverage as an automobile insurance optional rating factor shall cease to be operative on a certain date. Requires the California Research Bureau to contract with a recognized actuarial firm to complete a study regarding whether a discount for persistency of coverage with another insurer adversely affects low-income and previously uninsured individuals.

**AB 2249 (Horton, J.) -- Auto Insurance: Good Driver Discounts**

**PIFC Position:** Watch

**Status:** Died in the Senate Insurance Committee

Provides that nothing in existing law regarding insurers under common ownership, management, or control shall prohibit 2 or more insurers under common ownership that sell insurance through different distribution systems from selling separate good driver discount policies, provided that each insurer offers its lowest rate for that coverage.

**AB 2677 (Ridley-Thomas) -- Auto Insurance: Cost Estimates**

**PIFC Position:** Watch

**Status:** Chapter 765 of the 2004 Statutes

Requires an insurer licensed to sell personal automobile insurance to provide consumers of that insurance with a cost estimate for the lowest priced policy at the limits the consumer has requested and for which the consumer is eligible. Requires the insurer to maintain a toll-free

number of an internet web site to meet this requirement. Requires the insurer to provide the number and web site address to the Department of Insurance.

**AB 2709 (Levine) -- Vehicle: Financial Responsibility**

**PIFC Position:** Neutral

**Status:** Chapter 948 of the 2004 Statutes

Requires the Department of Motor Vehicles to develop a method by which law enforcement officers, on and after July 1, 2006, may electronically verify that an insurance policy or bond for a motor vehicle has been issued.

**AB 3088 (Horton, J.) -- Auto Insurance: Good Driver Discounts**

**PIFC Position:** Neutral

**Status:** Chapter 787 of the 2004 Statutes

Provides that insurers operating under common management and control are not required to sell good driver discount policies issued by other insurers within the common ownership group if specified conditions are met.

**SB 1500 (Speier) -- Vehicles: Financial Responsibility**

**PIFC Position:** Neutral

**Status:** Chapter 920 of the 2004 Statutes

Requires the Department of Motor Vehicles to suspend, cancel or revoke the registration of a vehicle when it is determined the vehicle registration was attained with false evidence of financial responsibility. Continues the low-cost automobile insurance pilot program in Los Angeles and San Francisco. Requires notification of use of electronic reporting and specifies contents of such reports relating to change, termination, amendment, or cancellations.

## **AUTOMOBILES**

**AB 894 (Firebaugh) -- Smoking in Vehicles with Minor Passengers**

**PIFC Position:** Neutral

**Status:** Died in Assembly Governmental Organization Committee

Makes it an infraction punishable by a fine for a person to smoke a pipe, cigar or cigarette in a motor vehicle, whether in motion or at rest, in which there is a child passenger who is required to be secured in a child passenger restraint system. Requires the Tobacco Control Section of the Department of Health Services to inform the public of the prohibition and requirements, to the extent funds are available.

**AB 1272 (Dutra) – Vehicles: License Plates**

**PIFC Position:** Watch

**Status:** Chapter 365 of the 2004 Statutes

Provides that upon the retail sale or lease of a motor vehicle for which the Department of Motor Vehicles issues two license plates, a dealer may not deliver the motor vehicle unless certain conditions are met regarding the securing of the front license plate. Prohibits a vehicle manufacturer or distributor from selling or distributing a new motor vehicle for which the department issued two plates unless the vehicle has means of securing the plates.

**AB 1663 (Dutra) – Vehicles: Additional Registration Fees**

**PIFC Position:** Watch

**Status:** Chapter 514 of the 2004 Statutes

Relates to the additional fees charged on all commercial motor vehicles for vehicle registration used for vehicle theft crime programs and extends the repeal date for such fees. Requires each participating county to issue a fiscal year-end report to the Controller, summarizing certain matters including the amount of money collected and how it was spent. Provides that if a county

fails to submit the report, the county's authority to collect the fee will be suspended. Requires the review of such reports to determine if the fee revenues are being utilized as required.

## **AUTOMOTIVE REPAIR**

### **AB 1079 (Bermudez) -- Automotive Repair**

**PIFC Position:** Watch

**Status:** Chapter 874 of the 2004 Statutes

Defines the term "customer" within the Automotive Repair Act to allow designated persons other than the vehicle owner to authorize repairs. Provides that customer shall not mean the automotive repair shop or the vehicle owner's insurance company. Requires authorization from the customer for repairs to be done on an original repair estimate or for any changes in excess of the original estimate.

### **AB 1227 (McCarthy) -- Insurance Fraud: Investigative Units**

**PIFC Position:** Support

**Status:** Chapter 596 of the 2004 Statutes

Requires the Insurance Commissioner, upon good cause, to notify an insurer of its noncompliance with existing law requiring every insurer admitted in the state to maintain a unit or division to investigate possible fraudulent claims by insureds or persons making claims against policies. Requires an insurer to take certain actions after receiving the notice of non-compliance. Establishes monetary penalties at \$5,000 per violation and \$10,000 per willful violation.

### **SB 1542 (Figueroa) -- Bureau of Automotive Repair**

**PIFC Position:** Watch

**Status:** Chapter 572 of the 2004 Statutes

Requires that all approved signs that are required to be located at all automotive repair dealer locations advising the public of the Bureau of Automotive Repair's (BAR) telephone number and other related matters, include the bureau's internet address. Requires the appointment of a Bureau Administration and Enforcement Monitor. Requires the monitor to evaluate the bureau and research and analyze 12 specified issues, most of which are related to the effectiveness of the BAR's disciplinary process.

### **SB 1813 (Perata) -- Automobile Dismantlers: Definition**

**PIFC Position:** Neutral

**Status:** Died in Senate Rules Committee

Makes a technical, nonsubstantive change to existing law that makes it a crime for any person to act as an automobile dismantler without meeting specified license or permit requirements.

## **CELL PHONES**

### **AB 45 (Simitian) -- Vehicles**

**PIFC Position:** Neutral

**Status:** Died in Senate Transportation Committee

Makes it an infraction, operative January 1, 2005, to drive a motor vehicle while using a wireless telephone, unless the telephone is designed and configured to allow hands-free operation, and is used in that manner while driving. Provides that this prohibition does not apply to a person who is using the telephone to contact a law enforcement agency or public safety entity for emergencies. Exempts emergency service personnel operating an emergency vehicle.



**AB 1828 (Simitian) -- Vehicles**

**PIFC Position:** Neutral

**Status:** Died in Assembly Transportation Committee

Makes it an infraction, except as specified, operative January 1, 2006, to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands free operation, and is used in that manner while driving.

**AB 2785 (Nakano) -- Vehicles: Wireless Telephones**

**PIFC Position:** Watch

**Status:** Chapter 505 of the 2004 Statutes

Makes it an infraction to drive a school bus or a transit vehicle while using a wireless telephone. Provides that this prohibition does not apply to a driver who is using the wireless telephone for work-related or emergency purposes, including, but not limited to, an emergency call to contact a law enforcement agency, health care provider, fire department, or other emergency service agency or entity, for emergency purposes.

**SB 1800 (Murray) -- Vehicles: Distracting Activities**

**PIFC Position:** Support

**Status:** Died in Assembly Transportation Committee

Allows law enforcement to impose an infraction upon a motorist that engages in a distracting activity, as defined, while operating a motor vehicle. Provides penalties if a person is convicted of a violation. Prohibits a law enforcement officer from stopping a vehicle when a person is engaging in distracting activity unless the vehicle is being operated in an unsafe manner. Prohibits a first time violation from being point value. Requires second or subsequent violations to be given a value of 1 point.

**CIGA**

**SB 574 (Alpert) -- Workers' Compensation**

**PIFC Position:** Oppose

**Status:** Died in Assembly Appropriations Committee

Requires the liquidation estate of Fremont Indemnity Company to forward to specific school district employers a lump sum not to exceed a specified amount, for the express purpose of covering workers' compensation claims already paid by the school district employers, as well as those liabilities incurred and to be incurred, for any self-insured retention transferred to Fremont Indemnity Company prior to January 1, 2000.

**CIVIL ACTIONS**

**AB 1143 (Simitian) -- Civil Procedure: Internet Communications**

**PIFC Position:** Watch

**Status:** Died in Senate Judiciary Committee

Would include an "interactive computer service" to the list of witnesses that may be compelled to produce a consumer's personal record.

**AB 1863 (Harman) -- Corporate Liability: Statute of Limitations**

**PIFC Position:** Oppose

**Status:** Died in Assembly Judiciary Committee

Extends the time that a plaintiff has to file a civil action to within five years after the violation or within two years of the plaintiff's discovery of the violation, whichever occurs first, under the Corporate Securities Act of 1968, which makes it unlawful for a person to engage in certain fraudulent practices and prohibited acts.

**AB 2371 (Bates) -- Attorneys: Legal Consumers' Protection Act**

**PIFC Position:** Support

**Status:** Died in Assembly Judiciary Committee

Enacts the Legal Consumers' Protection Act. Requires a contingency fee attorney to make certain disclosures and reports to a potential or existing client regarding the attorney's contingency fee rate and the client's right to rescind a contract with the attorney under specified conditions. Requires attorney advertising to include a statement to disclose whether costs advanced will be added to the fee if the litigation is successful.

**AB 3081 (Assembly Judiciary Committee) -- Civil Discovery**

**PIFC Position:** Watch

**Status:** Chapter 182 of the 2004 Statutes

Enacts the Civil Discovery Act providing for the scope of discovery, the use of technology in conducting discovery in a complex case, the attorney work product, the methods and sequence of discovery, nonparty discovery, sanctions, oral depositions, depositions by written questions, written interrogatories, inspection and production of documents, physical or mental examination, requests for admission, and exchange of expert witness information.

**SB 1368 (Ortiz) -- Substitute Service of Process: Insurers**

**PIFC Position:** Oppose

**Status:** Died on Assembly Third Reading File

Relates to existing law that provides for service of process in civil actions and proceedings by personal service or, in certain circumstances, by substitute service. Authorizes substitute service of process upon a party's insurer. Requires the insurer to seek the policyholder's consent to accept service of process on their behalf, and to provide the opposing party with the policyholder's last known address.

**SB 466 (Escutia) -- Permissive Joinder**

**PIFC Position:** Neutral

**Status:** Died in the Assembly

States the intent of the Legislature to examine the law of permissive joinder to determine whether the law has been misused and to make any necessary corrective action.

## **COMMON INTEREST DEVELOPMENTS**

**AB 1836 (Harman) -- Common Interest Developments: Dispute Resolution**

**PIFC Position:** Watch

**Status:** Chapter 754 of the 2004 Statutes

Specifies that a common interest development association and an owner of a separate interest may enforce governing documents other than a declaration. Creates a new dispute resolution procedure for conflicts between an association and a member, to be applied when the dispute concerns specified subjects. Requires an association to provide a fair, reasonable, and expeditious procedure for resolving these disputes.

## **CONFIDENTIALITY**

**AB 2588 (Reyes) -- Confidentiality of Medical Information**

**PIFC Position:** Watch

**Status:** Died in the Assembly Health Committee

Prohibits a provider of health care or a health care service plan from disclosing medical information to any third party for the purpose of medical data processing or medical record transcription.

## **CONSTRUCTION DEFECT**

### **AB 2071 (Houston) -- Limitation of Actions: Construction Defects**

**PIFC Position:** Watch

**Status:** Died in the Assembly Judiciary Committee

Bars an action to recover damages for or arising from a latent construction defect if that action is brought more than six years after the substantial completion of the development or improvement. Provides that actions based on soil subsidence or similar specified conditions would be barred if the action is brought more than ten years after the substantial completion of the development or improvement.

### **AB 2333 (Dutra) -- Construction Defect Actions**

**PIFC Position:** Support

**Status:** Died in the Senate Rules Committee

One of four bills initially tagged as a potential vehicle for comprehensive reform of the construction defect litigation process. Ultimately, SB 1146 was selected for this purpose. Declares the intent of the Legislature to protect the interests of builders, contractors, subcontractors, laborers, and building purchasers, and to facilitate the expeditious and equitable resolution of construction defect claims and litigation.

### **AB 2689 (Houston) -- Attorneys Advertising: Construction Defects**

**PIFC Position:** Support

**Status:** Died in the Assembly Judiciary Committee

Requires an advertisement by a lawyer or law firm that urges a person or entity to take an action that may lead to the filing of a claim for residential construction deficiencies to disclose specified information designed to inform the homeowner of the potential risks and costs associated with filing a construction defect claim.

### **AB 2804 (Calderon) -- Construction Defect Actions**

**PIFC Position:** Support

**Status:** Died in the Senate Rules Committee

One of four bills initially tagged as a potential vehicle for comprehensive reform of the construction defect litigation process. Ultimately, SB 1146 was selected for this purpose. Declares the intent of the Legislature to protect the interest of builders, contractors, subcontractors, laborers and building purchasers and to facilitate the expeditious and equitable resolution of construction defect claims and litigation.

### **AB 2812 (Dutra) -- Construction Defects: Resolution Process**

**PIFC Position:** Support

**Status:** Died in the Senate Rules Committee

Provides that it is the intent of the Legislature to consider whether the existing process for resolution of residential construction defects claims could be revised for the mutual benefit of consumers, builders, contractors, building trades, subcontractors, insurers, and others who may be interested in the equitable and expeditious resolution of these controversies.

The author hoped to use this bill as a vehicle to address construction defect claims arising prior to January 1, 2003. However, an agreement with interested parties could not be reached.

### **SB 1146 (Dunn) -- Construction Defects: Cooperative Defense Agreements**

**PIFC Position:** Watch

**Status:** Died in the Assembly Judiciary Committee

Requires a builder against whom a construction defect claim has been received to offer all other potentially responsible parties a cooperative defense agreement. Specifies the required contents and effect of that agreement. Establishes the procedures for potentially responsible parties to

enter into the agreement, reject the agreement, or demand binding arbitration. Requires a builder to propose a reallocation of defense costs among the participants to the agreement. This bill was used during the last weeks of session as a vehicle for substantive reform of the construction defect litigation process. However, negotiations broke down and the bill was never heard in committee.

**SB 1833 (Dunn) -- Construction Defects: Litigation: Insurance**

**PIFC Position:** Support

**Status:** Died in the Assembly

One of four bills initially tagged as a potential vehicle for comprehensive reform of the construction defect litigation process. Ultimately, SB 1146 was selected for this purpose. Provides that it is the intent of the Legislature to enact legislation to provide for the equitable resolution of construction defect claims and litigation and to address the costs of liability insurance for builders, contractors, and subcontractors.

**SB 1839 (Figueroa) -- Construction Contracts: Indemnity Agreements**

**PIFC Position:** Support

**Status:** Died in the Assembly

One of four bills initially tagged as a potential vehicle for comprehensive reform of the construction defect litigation process. Ultimately, SB 1146 was selected for this purpose. Provides that it is the intent of the Legislature to enact legislation to provide for the equitable resolution of construction defect claims and litigation and to address the costs of liability insurance for builders, contractors, and subcontractors.

**SB 1915 (Figueroa) -- Construction Contracts: Indemnification**

**PIFC Position:** Watch

**Status:** Died in the Assembly Judiciary Committee

Relates to construction contracts. Provides that certain provisions do not affect the validity of any workers' compensation insurance. Amends provisions relating to indemnitees and promisees. Specifies that if a trier of fact determines that the damages are attributable to the indemnitee's sole negligence or willful misconduct, the indemnitor is entitled to full reimbursement of actual costs and attorney's fees. The bill was intended by the author to serve as a placeholder in the event that a compromise could be reached on the broader construction defect issue. Such a compromise never materialized.

## **CORPORATIONS**

**AB 263 (Oropeza) -- Corporation Taxes: Deduction: Insurance Company**

**PIFC Position:** Watch

**Status:** Chapter 868 of the 2004 Statutes

Allows a corporation to deduct from income portion of the dividends received from an insurance subsidiary, regardless of whether the insurance company conducted business in California, and limits a tax incentive for overcapitalization of insurance subsidiaries.

**AB 1863 (Harman) -- Corporate Liability: Statute of Limitations**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Judiciary Committee

Extends the time that a plaintiff has to file a civil action to within 5 years after the violation or within 2 years of the plaintiff's discovery of the violation, whichever occurs first, under the Corporate Securities Act of 1968, which makes it unlawful for a person to engage in certain fraudulent practices and prohibited acts.

**AB 2752 (Chu) -- Corporations: Elections**

**PIFC Position:** Oppose

**Status:** Vetoed by the Governor

Requires a domestic corporation or foreign corporation to file a copy of its corporate election procedures with the Secretary of State and to make them available to a shareholder upon his or her written request to the corporation's investor relations department.

## **CREDIT**

**SB 691 (Escutia) -- Credit History: Homeowner's Insurance**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Insurance Committee

Prohibits an insurer from using, in whole or in part, credit ratings, credit reports, credit scoring models or other related credit or financial information as a basis to underwrite, rate or determine a placement in a particular payment plan for homeowners' insurance policies.

## **DISASTERS**

**AB 2199 (Kehoe) – Fire Insurance: Indemnity**

**PIFC Position:** Neutral as Amended

**Status:** Chapter 311 of the 2004 Statutes

Provides that under an open policy that requires payment of the replacement cost for a loss, the measure of indemnity in fire insurance is the amount that it would cost the insured to repair, rebuild, or replace the thing lost or injured, without a deduction for physical depreciation.

Requires that a policyholder be given at least 12 months to rebuild and still receive replacement costs, with opportunity for a six-month extension, and no less than 24 months in the case of a declared disaster. Prohibits any policy from containing a provision that limits or denies payment of the replacement cost of the insured's structure in the event the insured decides to rebuild at another location.

**AB 2962 (Pavley) -- Fire Insurance: Valuation of Loss**

**PIFC Position:** Neutral

**Status:** Chapter 605 of the 2004 Statutes

Provides that, in the case of a total loss to an insured structure under a homeowners' policy, if reconstruction of the primary insured structure is not completed by the time of policy renewal, the insurer, after consultation with the insured, may adjust limits and coverages, write an additional policy or attach an endorsement to the policy that reflects any change in the exposure to loss.

Prohibits policy cancellation prior to reconstruction. Makes additional provisions for earthquake insurance.

**SB 64 (Speier) -- Homeowners' Insurance**

**PIFC Position:** Support

**Status:** Chapter 357 of the 2004 Statutes

Expands the Department of Insurance's mediation program to include claims from the Southern California fires of 2003. Extends the operation of existing law that requires the Department of Insurance to establish a program of mediation for disputes between insured complainants and insurers involving certain earthquake and auto insurance claims. Requires the CDI to establish a program for mediation of disputes regarding residential property insurance losses, other than earthquake losses under declared states of emergency. Sets forth specified procedures and requirements for the mediation. This measure, as introduced, would have placed restrictions on the underwriting of homeowners' insurance risks.

**SB 438 (Soto) -- Disaster Relief**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Relates to the personal income tax and corporation tax laws that provide for the carryover to specified taxable years of losses sustained as a result of disasters. Extends these provisions to cover the losses sustained as a result of fires, floods, and mudflows that occurred in the counties of Los Angeles, Riverside, San Bernardino, San Diego and Ventura and the San Simeon earthquake. Relates to the allocation of funds to local agencies for those wildfires.

**SB 1363 (Ducheny) -- Hotel and Motel Rates: Natural Disasters**

**PIFC Position:** Watch

**Status:** Chapter 492 of the 2004 Statutes

Prohibits the owner or operator of a hotel or motel from increasing its regular advertised rates by more than 10% for 30 days following a proclamation or declaration of emergency. Makes a violation of this prohibition a misdemeanor. Makes a violation an unfair business practice and an act of unfair competition.

**DISPUTE RESOLUTION**

**AB 1836 (Harman) -- Common Interest Developments: Dispute Resolution**

**PIFC Position:** Watch

**Status:** Chapter 754 of the 2004 Statutes

Specifies that a common interest development association and an owner of a separate interest may enforce governing documents other than a declaration. Creates a new dispute resolution procedure for conflicts between an association and a member, to be applied when the dispute concerns specified subjects. Requires an association to provide a fair, reasonable, and expeditious procedure for resolving these disputes.

**DOMESTIC PARTNERS**

**AB 2208 (Kehoe) – Insurance Benefits for Domestic Partners**

**PIFC Position:** Watch

**Status:** Chapter 488 of the 2004 Statutes

Requires all insurers, health care service plans, and health insurers to provide coverage to the registered domestic partner of an employee, subscriber, insured, or policyholder that is equal to the coverage it provides to the spouse of those persons. Extends this requirement to all forms of insurance regulated by the Department of Insurance and deems all insurance policies and health care plans issued, amended, delivered, or renewed on or after January 1, 2005 to provide registered domestic partners coverage equal to that provided to spouses.

**DRIVERS' LICENSES**

**AB 1812 (Bermudez) -- Drivers' Certificates: Medical Examination**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Amends existing law to require applicants for an original or renewal certificate to drive a school bus, school pupil activity bus, youth bus, general public paratransit vehicle, or farm labor vehicle, to submit a physician's report. Includes, as an alternative, a report of a medical examination given by a licensed physician's assistant, advanced practice nurse or a chiropractor.

**AB 2895 (Nunez) -- Vehicles: Driver's License**

**PIFC Position:** Support

**Status:** Vetoed by the Governor

Authorizes drivers' licenses to be issued to undocumented immigrants. Requires the Department of Motor Vehicles to exclude from lists that are current names, addresses and other information furnished to the jury commissioner of a county, any person who obtained his or her current license by presenting an affidavit in lieu of a social security number. Provides that the affidavit may be used to obtain a driver's license which would be acceptable until the person obtains a social security number and that the number must be presented upon receipt.

**SB 524 (Vasconcellos) -- Instruction: Automobile Driver Education**

**PIFC Position:** Watch

**Status:** Chapter 587 of the 2004 Statutes

Provides that the satisfactory completion of a course in automobile driver education offered by a private secondary school satisfies the instructional requirements for a provisional driver's license for persons under 18 years of age if specified conditions are met. Deletes the inoperative date of provisions regulating driving schools and instructors.

**SB 1160 (Cedillo) -- Vehicles: Driver's License**

**PIFC Position:** Support

**Status:** Died in the Senate Appropriations Committee

Makes several changes regarding the eligibility requirements for an original driver's license, including: (1) allowing persons without legal presence in the United States to be eligible to apply for a license; (2) allowing an applicant that does not possess a social security number to sign an affidavit under penalty of perjury attesting that the applicant does not qualify for a social security number; (3) imposing various security and verification requirements; and (4) requiring the payment of related fees.

**SB 1209 (Scott) -- Vehicles: Driver's License: Violations Points**

**PIFC Position:** Watch

**Status:** Died in the Senate Public Safety Committee

Requires the Department of Motor Vehicles to review driver's license records to identify persons who have accumulated four or more violation points, excluding points for traffic accidents or convictions that became final before January 1, 2005, and points for traffic accidents or convictions that became final more than three years prior to the DMV review. Requires the DMV to impose an additional charge for drivers with four or more points on their record.

**SB 1848 (Ashburn) -- Vehicles: Driver's License Violations: Referral**

**PIFC Position:** Watch

**Status:** Chapter 594 of the 2004 Statutes

Establishes a pilot program for persons who plead guilty to driving without a valid driver's license in lieu of a jail sentence. Authorizes certain county district attorneys and city attorneys to establish a pilot program for persons who plead guilty or no contest or are convicted of violations of specified provisions prohibiting driving without a valid driver's license. Authorizes these officials to enter into written agreements with persons for home detention and classes.

**DUI**

**SB 1157 (Romero) -- Disability Insurance: Intoxication**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Exempts a health insurance policy from the requirement that a disability insurance policy may contain a provision indicating that the insurer is not liable for any loss caused by the insured

being intoxicated or under the influence of a controlled substance unless administered on the advice of a physician.

**SB 1694 (Torlakson) – Driving Under the Influence: Sanctions**

**PIFC Position:** Watch

**Status:** Chapter 550 of the 2004 Statutes

Increases from seven to ten years the time frame for increased sanctions for driving under the influence (DUI).

**SB 1696 (Torlakson) -- Vehicles: Driving Under the Influence: License**

**PIFC Position:** Watch

**Status:** Chapter 403 of the 2004 Statutes

Prohibits the reinstatement of DUI's driving privilege until proof satisfactory to the department of successful completion of the driving under the influence program has been received in the Department of Motor Vehicle's headquarters. Amends provisions regarding proof of financial responsibility.

**SB 1697 (Torlakson) -- Vehicles: Driving Under the Influence: Sanctions**

**PIFC Position:** Watch

**Status:** Chapter 551 of the 2004 Statutes

Consolidates the driver's license suspension, restriction, and revocation functions for DUI arrests and convictions under the Department of Motor Vehicles. Provides restoration may not be authorized until proof of completion of a DUI program. Authorizes the court to disallow the issuance of a restricted license if the court determines that a person would present a traffic safety or public safety risk if allowed to operate a motor vehicle during a suspension period.

## **EARTHQUAKE**

**AB 2533 (Salinas) -- Seismic Safety**

**PIFC Position:** Watch

**Status:** Chapter 659 of the 2004 Statutes

Requires every lease entered into after January 1, 2005 for an unreinforced masonry building to contain a specified statement regarding the safety of the structure. Subjects the owner who does not comply with the sign requirements in existing law, to administrative penalties and injunctive relief. States the intent of the Legislature to improve the public awareness of potentially hazardous buildings so occupants and passers-by are equipped to protect themselves in the event of an earthquake.

**SB 1896 (Burton) -- California Earthquake Authority**

**PIFC Position:** Watch

**Status:** Died in Senate Insurance Committee

Makes a technical, nonsubstantive change to provisions that establish the California Earthquake Authority. This bill was believed to be the vehicle that would be used to alter the composition of the CEA Governing Board. Momentum for this change never materialized.

**SB 1898 (Burton) -- Seismic Safety: Gas Shutoff Devices**

**PIFC Position:** Neutral

**Status:** Died in the Senate Housing and Community Development Committee

Provides that an automatic gas shutoff device that is not activated by motion, but is activated by significant gas leaks or overpressure surges, means a gas shutoff device that shuts off the gas in a building if it detects, during or immediately after an earthquake, an increase in the flow of gas, shuts off the gas in a building if the flow of gas in the main line in a building exceeds its design limits, and detects small leaks within 24 hours.



## **ELECTIONS**

### **AB 890 (Levine) -- Political Reform Act of 1974: Late Contributions**

**PIFC Position:** Watch

**Status:** Chapter 623 of the 2004 Statutes

Includes within the definition of a late contribution, a contribution, including a loan, that aggregates \$1,000 or more to a political party committee, before the date of a state election, but after the closing date of the last campaign statement to be filed before an election. Includes a political party committee within the definition of a state general purpose committee. Requires these committees to file applicable campaign statements.

### **AB 1785 (Frommer) -- The California State Legislature: Lobbying**

**PIFC Position:** Watch

**Status:** Died on the Senate Third Reading File

Declares the intent of the Legislature to adopt one or more rules to address improper and inappropriate communications of lobbyists and lobbying firms to members of the Legislature and their staff for the purpose of influencing legislation.

### **SB 1072 (Burton) -- Political Reform Act of 1974: Late Contributions**

**PIFC Position:** Watch

**Status:** Died on the Assembly Third Reading File

Adds certain types of loan contributions to a political party committee, before the date of a State election, but after the closing date of the last campaign statement before an election in the definition of late contributions. Includes a political party committee within the definition of a state general purpose committee. Requires these committees to file applicable periodic campaign statements with the Office of the Secretary of State.

## **EMPLOYER**

### **AB 1527 (Frommer) -- Health Care Coverage**

**PIFC Position:** Watch

**Status:** Died in the Senate

Declares the Legislature's intent to increase the number of Californians who have affordable, high quality health care coverage by implementing specified programs.

### **AB 1825 (Reyes) -- Sexual Harassment: Training and Education**

**PIFC Position:** Watch

**Status:** Chapter 933 of the 2004 Statutes

Requires employers with 50 or more employees to provide two hours of sexual harassment training and education to all supervisory employees within one year of January 1, 2005, unless the employer has provided the training and education to employees after January 1, 2003. Provides that a claim that the training and education did not reach a particular employee does not automatically make an employer liable and employer compliance does not insulate the employer from liability. Includes training for supervisory personnel.

## **FAIR PLAN**

### **AB 2444 (Dutton) -- Property Insurance: FAIR Plan**

**PIFC Position:** Support

**Status:** Died in the Senate Insurance Committee

Requires the California Fair Access to Insurance (FAIR) Plan Association to provide an annual report to the Legislature on policies in force and probable maximum losses in very high fire hazard severity zones.

## **FINANCIAL GUARANTY INSURANCE**

### **AB 700 (Diaz) -- Insurance**

**PIFC Position:** Neutral

**Status:** Chapter 47 of the 2004 Statutes

Allows insurers who are licensed to transact credit insurance in other states to also be eligible to issue financial guaranty insurance in California

## **FINANCIAL RESPONSIBILITY**

### **SB 1500 (Speier) -- Vehicles: Financial Responsibility**

**PIFC Position:** Neutral

**Status:** Chapter 920 of the 2004 Statutes

Requires the Department of Motor Vehicles to suspend, cancel or revoke the registration of a vehicle when it is determined the vehicle registration was attained with false evidence of financial responsibility. Continues the low-cost automobile insurance pilot program in Los Angeles and San Francisco. Requires notification of use of electronic reporting and specifies contents of such reports relating to change, termination, amendment, or cancellations.

## **FIRE INSURANCE -- HOMEOWNERS' INSURANCE**

### **AB 421 (Steinberg) -- Property Insurance: Subsidized Housing**

**PIFC Position:** Neutral as Amended

**Status:** Chapter 771 of the 2004 Statutes

Requires the Insurance Commissioner to conduct a study of the market for property and liability insurance for nonprofit corporations that provide subsidized low- and moderate-income rental housing.

### **AB 2199 (Kehoe) -- Fire Insurance: Indemnity**

**PIFC Position:** Neutral as Amended

**Status:** Chapter 311 of the 2004 Statutes

Provides that under an open policy that requires payment of the replacement cost for a loss, the measure of indemnity in fire insurance is the amount that it would cost the insured to repair, rebuild, or replace the thing lost or injured, without a deduction for physical depreciation. Requires that a policyholder be given at least 12 months to rebuild and still receive replacement costs, with opportunity for a six-month extension, and no less than 24 months in the case of a declared disaster. Prohibits any policy from containing a provision that limits or denies payment of the replacement cost of the insured's structure in the event the insured decides to rebuild at another location.

**AB 2399 (Liu) -- Homeowners' Insurance: Dog Breeds**

**PIFC Position:** Oppose Unless Amended

**Status:** Died in the Assembly Insurance Committee

Prohibits an insurer from refusing to issue or renew a homeowners' policy based upon the breed of dog owned by the applicant or insured. Allows an insurer to consider a breed of dog when setting rates for a homeowners' policy if the rate is supported by actuarial data. Requires that a specified discount be granted if the dog has passed the test for the American Kennel Club Canine Good Citizen certification.

**AB 2427 (Samuelian) -- Insurance Coverage for Mold**

**PIFC Position:** Oppose Unless Amended

**Status:** Died in the Assembly Insurance Committee

Prohibits specified policies of insurance from being canceled. Prohibits an insurer from refusing to renew this policy, only on the grounds of the presence of mold if the policy contains an existing exclusion for payment of loss for that peril.

**AB 2962 (Pavley) -- Fire Insurance: Valuation of Loss**

**PIFC Position:** Neutral as Amended

**Status:** Chapter 605 of the 2004 Statutes

Provides that, in the case of a total loss to an insured structure under a homeowners' policy, if reconstruction of the primary insured structure is not completed by the time of policy renewal, the insurer, after consultation with the insured, may adjust limits and coverages, write an additional policy, or attach an endorsement to the policy that reflects any change in the exposure to loss. Prohibits policy cancellation prior to reconstruction and requires the insurer to offer to renew the policy for at least one additional term. Makes additional provisions for earthquake insurance.

**SB 64 (Speier) -- Homeowners' Insurance**

**PIFC Position:** Support

**Status:** Chapter 357 of the 2004 Statutes

Expands the Department of Insurance's mediation program to include claims from the Southern California fires of 2003. Extends the operation of existing law that requires the Department of Insurance to establish a program of mediation for disputes between insured complainants and insurers involving certain earthquake and auto insurance claims. Requires the department to establish a program for mediation of disputes regarding residential property insurance losses, other than earthquake losses under declared states of emergency. Sets forth specified procedures requirements for the mediation. This measure, as introduced, would have placed restrictions on the underwriting of homeowners' insurance risks.

**SB 1315 (Ortiz) -- Insurance Policies: Standard Forms**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Insurance Committee

Provides that no fire insurance policy containing changes to the standard form may be issued in this state unless a copy of the form is filed with the Insurance Commissioner. Authorizes the commissioner to disapprove a policy form if specified conditions are met. Requires policies currently being issued in the state to be filed for review within 90 days of the effective date of these provisions. Provides procedures for approval or disapproval of a policy.

**SB 1321 (Ortiz) -- Approval of Insurance Rates**

**PIFC Position:** Oppose

**Status:** Died in the Senate Insurance Committee

Requires the Insurance Commissioner to consider whether an insurance rate is excessive relative to the insurance company's profit margin. Provides that a public hearing must be held if, for personal or commercial lines of insurance, the proposed rate adjustment exceeds, over the

course of a 12-month period, a cumulative percentage increase of over 7% for personal lines and 15% for commercial lines.

**SB 1323 (Ortiz) -- Homeowners' Insurance: Prohibited Actions**

**PIFC Position:** Neutral as Amended

**Status:** Died on the Assembly Inactive File

Enacts a modified version of the NCOIL model governing the use of credit information in underwriting and rating of homeowner's insurance, including requirements relating to denials of applications, cancellation or nonrenewal of policies, setting of rates, discrimination, prohibited credit factors, updated credit reports and notification of adverse actions.

**SB 1474 (Escutia) -- Homeowners' Insurance: Claims**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Insurance Committee

Prohibits an insurer, with respect to a homeowner's policy, from refusing to issue or renew the policy, charging a surcharge, or disallowing a credit on the basis of claims resulting from natural causes, including weather-related events, closed without payment claims, fire claims where the property of the insured was not the inception point of the fire, and claims where the exposure to loss has been mitigated. Specifies claims with respect to which these prohibitions would not apply. Provides that nonrenewal based on a hazardous condition shall take effect until an insurer has provided written notice to the insured and provided the insured with time to mitigate the situation.

**SB 1564 (Escutia) -- Homeowners' Insurance: Claims**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Insurance Committee

Prohibits an insurer from refusing to renew a homeowner's insurance policy on the basis of specified claims filed by an insured. Specifies claims with respect to which this prohibition would not apply.

**SB 1855 (Alpert) -- Homeowners' Insurance: Liability Limits: Disclosure**

**PIFC Position:** Neutral

**Status:** Chapter 385 of the 2004 Statutes

Modifies the California Residential Property Insurance Disclosure form insurers are required to provide to policyholders. Modifies the language required on the declaration sheet of the policy. Adds a new disclosure requirement known as the California Residential Property Insurance Bill of Rights.

## **FIRE SAFETY**

**AB 224 (Kehoe) -- Roof Covering Materials**

**PIFC Position:** Support

**Status:** Chapter 318 of the 2004 Statutes

Provides that common interest development may not require a homeowner to install or repair a roof in a manner that violates fire retardant construction requirements. Requires the governing documents of a common interest development located in a very high fire severity zone to allow for at least one type of fire retardant roof covering material that meets certain requirements of existing law.

**AB 1690 (Leno) -- Public Safety Finance Agencies**

**PIFC Position:** Watch

**Status:** Died in the Senate Appropriations Committee

Authorizes any county or city and county to form a public safety finance agency for the purpose of financing supplemental public fire protection, police, and sheriff and specified medical services and needed capitol improvements for these services. Authorizes any county or city and county that form such agency to levy a local general income tax if it is approved by the voters. Requires a reduction in property tax if the income tax is approved.

**AB 1823 (Wyland) -- Fire Emergency**

**PIFC Position:** Watch

**Status:** Died in the Assembly Natural Resources Committee

Requires the Department of Forestry and Fire Protection, in the event of a significant fire emergency, to make immediate use of any resources offered and available from military or federal government sources, including, but not limited to, personnel and aircraft.

**AB 2047 (Dutton) -- Fire Prevention: Federal Funding**

**PIFC Position:** Watch

**Status:** Died on the Assembly Inactive File

Authorizes the Department of Forestry and Fire Protection to help communities in or near state responsibility areas develop collaborative community wildfire prevention plans and obtain federal funding for fire prevention or for assistance in connection with wildland fires, by undertaking specified activities, including convening and facilitating community meetings and communication among residents of a community regarding the development of such plans.

**AB 2053 (Plescia) -- Department of Forestry and Fire Protection**

**PIFC Position:** Watch

**Status:** Died in the Assembly

Makes a technical nonsubstantive change to a provision that the Department of Forestry and Fire Protection is required to carry out specified duties with respect to the prevention and control of forest fires.

**AB 2337 (Corbett) -- Fire Suppression Assessments**

**PIFC Position:** Watch

**Status:** Chapter 94 of the 2004 Statutes

Defines fire suppression services in existing law that authorizes a local agency to determine and levy an assessment for fire suppression services.

**AB 2381 (La Suer) -- Fire Protection**

**PIFC Position:** Watch

**Status:** Died in the Assembly Natural Resources Committee

Authorizes a person that owns, leases, controls, operates or maintains a building or structure in, upon or adjoining any state-owned land to maintain around and adjacent to the building or structure a firebreak or fire protection made by removing all brush, flammable vegetation and other combustible growth that is located within 300 feet of the building or structure and that is on the person's property or the state-owned land.

**AB 2406 (Bermudez) -- Fire Safety**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Requires the State Fire Marshal to adopt revised regulations to require the statistical information furnished by chief fire officials relating to each fire that occurs within his or her area of jurisdiction to be compatible with the National Fire Incident Reporting System and to include other specified

information. Requires the State Fire Marshal to analyze the data and compile a report and to make it available on the State Fire Marshal web site. Includes information to be in the report.

**AB 2420 (La Malfa) -- Forest Resources**

**PIFC Position:** Watch

**Status:** Chapter 712 of the 2004 Statutes

Exempts from the act ZBerg-Nejedly Forest Practice Act the harvesting of trees, limited to those trees that eliminate the vertical continuity of vegetative fuels and the horizontal continuity of tree crowns, for the purpose of reducing the rate of fire spread, fire duration and intensity, fuel ignitability, or ignition of tree crowns if specified requirements are met. Requires an on-site inspection after operations are complete.

**AB 2911 (Bogh) -- Department of Forestry and Fire Protection**

**PIFC Position:** Watch

**Status:** Died in the Assembly Natural Resources Committee

Changes the name of the Department of Forestry and Fire Protection to the California Department of Fire and Forestry which may be referred to, where appropriate, as CAL-FIRE. Prohibits any supplies, forms, insignias, signs, or logos from being destroyed or changed as a result of the name change and requires that they continue to be used until exhausted or unserviceable.

**AB 3052 (Kehoe) – Building Standards**

**PIFC Position:** Watch

**Status:** Died in the Assembly Business and Professions Committee

Requires all building standards to be administered and enforced, and, whenever practicable, written on a performance basis that is consistent with state and nationally recognized standards for building construction in view of the need to provide the greatest level of fire safety for real property owners.

**AB 3053 (Kehoe) – Emergency Communications**

**PIFC Position:** Watch

**Status:** Died in the Assembly Governmental Organization Committee

Requires the State Fire Marshal and all local fire departments and districts to develop a statewide communications system. Provides that this system may include regional communications systems to ensure the greatest level of communications among jurisdictions when fighting fires.

**AB 3065 (Kehoe) – Fire Protection: Local Planning**

**PIFC Position:** Neutral

**Status:** Chapter 951 of the 2004 Statutes

Requires city and county general plan draft safety elements to be submitted to the State Board of Forestry and Fire Protection and to local fire agencies for review and comment.

**AB 3066 (Kehoe) – Fire Protection: Staffing**

**PIFC Position:** Watch

**Status:** Died in the Assembly Local Government Committee

Requires every public entity that has undertaken to provide fire protection service to provide sufficient personnel to staff all fire engines operated by the public entity.

**AB 3067 (Kehoe) – Fire Protection: San Diego County**

**PIFC Position:** Watch

**Status:** Died in the Assembly Local Government Committee

Requires all local fire agencies in the County of San Diego to jointly develop and implement a plan for the coordination of services to provide the most effective fire protection services for the county.

**AB 3068 (Kehoe) – Fire Protection: Aerial Equipment**

**PIFC Position:** Watch

**Status:** Died in the Assembly Local Government Committee

Requires every county that includes an urban metropolitan area to have year-round aerial firefighting equipment.

**SB 902 (Burton) -- Firefighting Equipment**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Requires the Director of the Office of Emergency Services to acquire 150 additional fire engines and assign them to the Department of Forestry and Fire Protection and to fire protection agencies, pursuant to a written agreement. Requires the director to assign or reassign fire engines in a manner that promotes their rapid mobilization, organization, and operation within strategically located geographic regions of the State. Creates a specified fund for these purposes.

**SB 1255 (Hollingsworth) -- Fire Protection: Firebreaks**

**PIFC Position:** Watch

**Status:** Died in the Senate Natural Resources and Wildlife Committee

Provides that an owner of property, or his or her agent, may construct a firebreak, or, at the discretion of the local fire official, implement appropriate vegetation management techniques to ensure defensible space is adequate for the protection of a home or other structure on the property. Authorizes the firebreak to be for a radius of up to 300 feet from the home or other structure, or to the property line, whichever distance is shorter.

**SB 1267 (Morrow) -- Healthy State Lands Act of 2004**

**PIFC Position:** Watch

**Status:** Died in the Senate Environmental Quality Committee

Establishes the Healthy State Lands Act of 2004, which provides an exemption to the California Environmental Quality Act (CEQA) for activities related to aggressive fuel modification on state lands that are intended to prevent fire emergencies.

**SB 1346 (Ducheny) -- Natural Resources: Fire Prevention**

**PIFC Position:** Watch

**Status:** Died in the Assembly Appropriations Committee

Relates to the Department of Forestry and Fire Protection. Requires the department to staff at least four persons on all department fire engines in certain counties, in southern California, and in the entire state.

**SB 1369 (Kuehl) -- Fire Protection**

**PIFC Position:** Support

**Status:** Chapter 720 of the 2004 Statutes

Requires persons to remove all brush, flammable vegetation, or combustible growth that is located within 100 feet from an occupied dwelling or structure or to the property line, or at a greater distance as may be required. Requires a homeowner prior to constructing a new or

reconstructing a structure damaged by a fire in a very high fire hazard severity zone, to certify to the property insurance carrier that the structure complies with fire prevention codes.

**SB 1537 (Soto) -- Sales and Use Tax: California Fire Disaster Relief**

**PIFC Position:** Watch

**Status:** Died in the Senate Revenue and Taxation Committee

Increases the sales tax and the use tax by 1/4% to fund fire disaster relief. Creates a fund for deposit of receipts. Limits use of that fund to disbursements by the Office of Emergency Services and the State Fire Marshal for purposes of fire prevention and emergency response. Authorizes the Director of Finance to transfer moneys from the relief fund to the Special Fund for Economic Uncertainties to reimburse that fund.

## **FRAUD**

**AB 815 (Wiggins) -- Workers' Compensation Fraud**

**PIFC Position:** Watch

**Status:** Died in the Senate Labor and Industrial Relations Committee

Increases the portion of funds from the assessment imposed on workers' compensation insurers for purposes related to workers' compensation fraud to be distributed to district attorneys for investigatory and prosecutorial purposes to 55%. Requires that 5% of the funds be distributed to the Fraud Assessment Commission to be used for public outreach and education to compliment the investigation and prosecution of workers' compensation fraud by district attorneys.

**AB 1728 (Assembly Insurance Committee) -- Insurance Company Regulation: Disability Insurance**

**PIFC Position:** Watch

**Status:** Chapter 599 of the 2004 Statutes

Makes changes in the filing requirements of annual statements exhibiting the condition and affairs of an insurer to the Insurance Commissioner. Eliminates provisions authorizing large investments in securities of subsidiaries. Requires funds from fees paid by a disability insurer or an entity otherwise liable for any loss due to health insurance fraud to be deposited in the Disability Insurance Fraud Account for enhanced investigation and prosecution of disability insurance fraud. Relates to surety insurance rate rollbacks. Makes other changes.

**AB 1867 (Vargas) -- Budget: Insurance Fraud**

**PIFC Position:** Watch

**Status:** Chapter 773 of the 2004 Statutes

Amends the Budget Act of 2004 by adding a specified amount of funding to the appropriation to the Department of Insurance for programs relating to insurance fraud. Specifies that these additional funds shall be derived from annual fees from insurers for distribution to district attorneys for the investigation and prosecution of automobile theft and insurance fraud. Requires the funds be distributed to district attorneys during the 2004-05 fiscal years.

**AB 2835 (Plescia) -- Health Care Professionals: Insurance Fraud**

**PIFC Position:** Watch

**Status:** Chapter 333 of the 2004 Statutes

Provides that it shall constitute cause for revocation or suspension of a health care professional's license or certificate for the health care professional to engage in certain referrals, solicitations, or acceptances with the knowledge that or with reckless disregard for whether the individual who is being referred, solicited or accepted, or the individual or entity who is making the referral, solicitation or acceptance, intends to commit insurance fraud.



**AB 2866 (Frommer) – Workers' Compensation: Fraud**

**PIFC Position:** Watch

**Status:** Chapter 281 of the 2004 Statutes

Requires the Insurance Department, with respect to each person convicted of a violation of any of certain insurance fraud provisions involving workers' compensation insurance, services, or benefits, to post on its internet web site information relating to the case and the defendant.

**SB 1495 (Machado) -- Insurance: Fees: Fraud**

**PIFC Position:** Watch

**Status:** Chapter 160 of the 2004 Statutes

Requires an insurer, after notice, to reimburse any fees and extra premiums charged to an insured due to a late premium payment or a lapse in coverage under the policy if the late payment or lapse in coverage was the result of fraud committed by a licensed agent or broker and if specified events related to criminal or administrative charges against the agent or broker have occurred.

**SB 2 of the Fourth Extraordinary Session (Speier) -- Workers' Compensation: Insurance**

**PIFC Position:** Watch

**Status:** Chapter 2 of the 2004 Statutes

Revises the content of a specified notice from an insurer on or with a check for temporary disability payments, of acts that constitute fraud and requires the notice to be in both English and Spanish. Provides the notice to a third party administrator. Revises penalties for failing to secure payment of benefits. Authorizes a Department of Insurance Fraud Bureau or district attorney investigator to require an employer to provide a written statement regarding coverage.

**SB 18 of the Fourth Extraordinary Session (Poochigian) -- Workers' Compensation: Fraud**

**PIFC Position:** Watch

**Status:** Died in the Senate Labor and Industrial Relations Committee

Increases the membership of the Workers' Compensation Fraud Assessment Commission to 11 by adding two representatives of the District Attorneys Association with limited voting rights, the Attorney General, and the Secretary of Labor and Workforce Development or designee.

Requires at least 70% of the funds from the assessment placed on workers' compensation insurers be distributed to district attorneys or other prosecutorial entities for investigatory and prosecutorial purposes.

## **IDENTITY THEFT**

**SB 425 (Poochigian) -- Identity Theft**

**PIFC Position:** Neutral

**Status:** Died in the Assembly

Amends existing law which specifies the offense of identity theft and provides punishment therefore. Specifies that the acquisition, transfer, retention, or possession of personal identifying information or each person in violation of existing law would be a separate and distinct offense.

**SB 1279 (Bowen) -- Identity Theft**

**PIFC Position:** Oppose Unless Amended

**Status:** Died in the Assembly Business and Professions Committee

Requires an agency, or a person or business conducting business in the State that possesses any data that includes the personal information of a state resident to notify the resident of any breach of the security of the data.

## **INSURANCE COMMISSIONER**

### **SB 1291 (Burton) -- Insurance Commissioner: Approvals**

**PIFC Position:** Watch

**Status:** Died in the Assembly Insurance Committee

Requires the Insurance Commissioner, if he or she has approved a class plan, a rating methodology, an underwriting or eligibility rule, or a policy form for use by an insurer that writes automobile or loss or damage to real property insurance, and the use is still allowed, to allow the use of that plan, methodology, rule of form by another insurer upon a proper filing by that insurer.

## **INTERNET/ E-COMMERCE**

### **AB 567 (Simitian) -- Unsolicited Electronic Mail Advertising**

**PIFC Position:** Watch

**Status:** Died in the Senate Business and Professions Committee

Authorizes the recipient of an advertisement that violates existing law governing unsolicited electronic mail advertising to bring an action against the initiator of the unsolicited e-mail for the recovery of actual damages or \$1,000, whichever is greater, for each violation. Authorizes an e-mail service provider to bring a civil action to recover damages of \$100 for each message initiated or delivered in violation of existing law up to a maximum.

### **SB 12 (Bowen) -- Electronic Mail Advertising**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Business and Professions Committee

Amends electronic mail advertising prohibitions. Authorizes the recipient of any e-mail advertisement transmitted in violation of prohibitions, the e-mail service provider, or the Attorney General to bring an action to recover actual damages and liquidated damages of \$1,000 per e-mail advertisement transmitted in violation of provisions, up to \$1,000,000 per incident, subject to reduction by the court. Authorizes award of court costs and attorney fees.

### **SB 1457 (Murray) -- Commercial E-Mail Advertisements**

**PIFC Position:** Watch

**Status:** Chapter 571 of the 2004 Statutes

Amends existing law which governs the unsolicited commercial e-mail advertisement sent from or to a California e-mail address to delete the prohibition against obscured header information relating to such advertisement. Authorizes the Attorney General, an e-mail service provider or recipient of an unsolicited commercial e-mail advertisement to bring an action for certain liquidated damages up to a maximum. Prohibits multiple incidents under the same e-mail transmission.

## **LIABILITY**

### **AB 1863 (Harman) -- Corporate Liability: Statute of Limitations**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Judiciary Committee

Extends the time that a plaintiff has to file a civil action to within five years after the violation or within two years of the plaintiff's discovery of the violation, whichever occurs first, under the Corporate Securities Act of 1968, which makes it unlawful for a person to engage in certain fraudulent practices and prohibited acts.

**AB 2737 (Dutra) -- Government Tort Liability**

**PIFC Position:** Watch

**Status:** Died in the Assembly Judiciary Committee

Provides that neither a public entity nor a public employee is liable for an injury caused by the location of, the condition of, existing upon, or that occurs on, a street, highway, road, sidewalk, or other access adjacent to or leading to or from public property not owned or controlled by the public entity.

## **LOBBYISTS**

**AB 1784 (Wolk) -- Political Reform Act: Conflict of Interest**

**PIFC Position:** Watch

**Status:** Died in the Senate Rules Committee

Prohibits a lobbyist or lobbying firm from engaging in direct communication with an elected state officer, other than a member of the Legislature, or the elected state officer's staff, for the purpose of influencing legislative or administrative action during the period of time, and for the six months following that period of time, that the lobbyist or firm has a contractual relationship with the elected state officer or his or her controlled campaign committee.

## **LOW-COST AUTOMOBILE INSURANCE**

**AB 1318 (Maddox) -- Automobile Insurance: Good Driver Discount**

**PIFC Position:** Support/Sponsor

**Status:** Died in the Senate Insurance Committee

Amends existing law which provide for the purchase of Good Driver Discount motor vehicle insurance policies if he or she meets certain criteria, among other things, has not been the driver of a motor vehicle involved in an accident that resulted in bodily injury or death and in which he or she was principally at fault. Requires an insurer to notify an insured if the insurer determines that he or she was principally-at-fault but not percentages of fault. This issue was handled administratively by the California Department of Insurance under RH03030475.

**SB 1500 (Speier) -- Vehicles: Financial Responsibility**

**PIFC Position:** Neutral

**Status:** Chapter 920 of the 2004 Statutes

Requires the Department of Motor Vehicles to suspend, cancel or revoke the registration of a vehicle when it is determined the vehicle registration was attained with false evidence of financial responsibility. Continues the low-cost automobile insurance pilot program in Los Angeles and San Francisco. Requires notification of use of electronic reporting and specifies contents of such reports relating to change, termination, amendment, or cancellations.

## **MISCELLANEOUS**

**AB 1175 (Koretz) -- The Holocaust and Genocide**

**PIFC Position:** Watch

**Status:** Chapter 364 of the 2004 Statutes

Extends the operation of the Holocaust, Genocide, Human Rights and Tolerance Education Act of 2003 that establishes a task force to act as an advisory body and a Center for Excellence on the study of such as a pilot program at the California State University, Chico, to promote education regarding the Holocaust, genocide, human rights, and tolerance.

**AB 1814 (Oropeza) – Grand Theft**

**PIFC Position:** Watch

**Status:** Chapter 515 of the 2004 Statutes

Provides that every person who steals, takes or carries away cargo of another when the cargo taken is of a value exceeding \$400, is guilty of grand theft.

**AB 1878 (Chan) – Motor Scooters**

**PIFC Position:** Watch

**Status:** Chapter 755 of the 2004 Statutes

Requires manufacturers of motorized scooters to provide a specified disclosure to buyers that advises buyers that they may not modify or alter the exhaust system to cause it to be amplified or create an excessive noise or to cause it to fail to meet applicable emission requirements.

Prohibits a person from operating a motorized scooter unless it has a muffler that meets certain requirements and unless that person holds a valid Class C driver's license or an instruction permit.

**AB 1910 (Harman) -- Decedents' Estates: Posthumously Conceived Child**

**PIFC Position:** Support

**Status:** Chapter 775 of the 2004 Statutes

Provides that, for purposes of determining rights to property to be distributed upon the death of a decedent, a child of the decedent conceived after the death of the decedent, other than a child conceived as a result of human cloning, shall be deemed to have been born in the lifetime of the decedent if the child or his or her representative proves by clear and convincing evidence that specified conditions are satisfied. Makes related changes to the Uniform Parentage Act.

**AB 1985 (Wolk) -- Insurance Claims: Forms**

**PIFC Position:** Support

**Status:** Chapter 93 of the 2004 Statutes

Allows an insurer to meet the requirement regarding retention of the settlement checks, a claim form, and the police report arising from the theft of an insured vehicle by retaining an electronic copy of those items.

**AB 2147 (Kehoe) – Liability Insurance: Wrap-Up Policies**

**PIFC Position:** Watch

**Status:** Chapter 777 of the 2004 Statutes

Requires an insurer under a wrap-up insurance policy for liability and workers' compensation insurance for a private construction project to report workers' compensation losses and payroll information for each contractor and subcontractor to its rating organization on a timely basis and in accordance with the uniform statistical plan. Requires an insurer to provide each contractor and subcontractor copies of that report.

**AB 2316 (Chan) -- Life Insurance: Consumer Protection**

**PIFC Position:** Watch

**Status:** Chapter 835 of the 2004 Statutes

Creates the Life and Annuity Consumer Protection Fund in the Insurance Fund. Requires the moneys deposited therein from a fee of \$1 levied against insurers based upon each individual life insurance and annuity product worth \$15,000 or more issued to a resident of the state be dedicated to protecting consumers of insurance products. Provides the distribution would be for consumer protection functions and to fund local district attorneys for investigation and prosecution.

**AJR 44 (Koretz) – Holocaust Era Insurance Policies**

**PIFC Position:** Watch

**Status:** Resolution Chapter 145

Amends the Holocaust Insurance Relief Act of 1999. Urges the Insurance Commissioner to investigate any feasible alternatives to enacting state law that would serve to increase the likelihood that payments may be made to the heirs of Holocaust victims. Urges Congress to immediately enact legislation to require insurance companies to disclose their Holocaust era policy information.

**SJR 20 (Florez) -- Regulation of Financial Institutions**

**PIFC Position:** Oppose

**Status:** Resolution Chapter 107

Requests the Congress of the United States to disapprove the rule submitted by the Office of Comptroller of the Currency relating to bank activities and regulations so published in the Federal Register on January 13, 2004, so the rule has no force and effect, and if necessary, to consider legislation that will prevent the unilateral expansion of jurisdiction over financial institutions by federal regulators without the specific endorsement of the United States Congress.

**MOLD**

**AB 1891 (Haynes) -- Homeowners' Insurance: Mold**

**PIFC Position:** Watch

**Status:** Died in the Assembly Insurance Committee

Requires that if an insurer intends to exclude mold as a covered peril, the insurer must state the exclusion in readily understandable terms.

**AB 2427 (Samuelian) -- Insurance Coverage for Mold**

**PIFC Position:** Oppose Unless Amended

**Status:** Died in the Assembly Insurance Committee

Prohibits specified policies of insurance from being canceled. Prohibits an insurer from refusing to renew this policy, only on the grounds of the presence of mold if the policy contains an existing exclusion for payment of loss for that peril.

**OUTSOURCING**

**AB 1829 (Liu) – Public Contracts: Services: Domestic Workers**

**PIFC Position:** Neutral

**Status:** Died in the Assembly Health Committee

Prohibits a state agency or local government from allocating or expending state funds to contract for services if any portion of the work will be performed by workers outside the United States.

**AB 2163 (Leslie) -- Confidentiality of Medical Records**

**PIFC Position:** Neutral

**Status:** Died in the Assembly Health Committee

Requires any entity hired by a health care provider for the purpose of transcribing medical records containing medical information, to disclose to the provider all contractors or subcontractors that the entity uses to perform that function and whether any of the medical records will be sent to another country.

**AB 2715 (Reyes) -- Telemarketing**

**PIFC Position:** Oppose

**Status:** Vetoed by the Governor

Requires a person or entity conducting business in the state that contracts with a customer sales call center or a customer service telephone bank to include a provision in the contract that

requires a customer service employee to disclose his or her location upon the request of a state resident.

**AB 3021 (Assembly Labor and Employment Committee) -- Payroll Reports**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Requires an employer with 250 or more employees, to include in its first wage report of the calendar year information as to the number of individuals the employer employed or hired as service-providers for whom the employer is required to report certain information in and outside the State, but within the United States, and outside of the United States during the prior calendar year. Requires the Employment Development Department post the information on its web site.

**SB 888 (Dunn) -- Employment: Homeland Security**

**PIFC Position:** Oppose

**Status:** Vetoed by the Governor

Prohibits the performance of any work involving information that is essential to homeland security at a worksite located outside the United States unless expertise necessary to perform the work is not available in the United States or parts or materials necessary to perform the work are manufactured outside of the United States. Requires the Office of Homeland Security to adopt regulations.

**SB 1451 (Figueroa) -- Privacy Guarantees**

**PIFC Position:** Neutral

**Status:** Vetoed by the Governor

Prohibits a person who receives protected nonpublic personal information of financial and insurance nature from sharing or disclosing the information in a manner that would be prohibited by a privacy law. Provides that a person would be civilly liable for sharing or disclosing that information.

**SB 1452 (Figueroa) -- Public Contracts**

**PIFC Position:** Oppose

**Status:** Died in the Senate Appropriations Committee

Prohibits the state from contracting for services with any individual or entity that employs persons or subcontractors outside of the United States in order to perform and complete that state contract.

**SB 1453 (Figueroa) -- Employment: Offshoring**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Appropriations Committee

Requires employers to include in a notice to affected employees regarding mass layoff, relocation, or termination of an industrial or commercial facility the number of employees laid off, relocated, or terminated as a result of offshoring by the employer.

**SB 1492 (Dunn) -- Confidential Information**

**PIFC Position:** Oppose

**Status:** Vetoed by the Governor

Prohibits a health care business from transmitting individual identifiable health information to a site outside the United States, unless specified notice and authorization requirements are satisfied. Requires a person or entity that has contracted or subcontracted with a health care business to receive individually identifiable health information to disclose to the business if any of the information will be transferred outside the United States. Provides who must make these disclosures.

## **PERSISTENCY**

### **AB 1729 (Bermudez) -- Automobile Insurance: Persistency**

**PIFC Position:** No position

**Status:** Died on the Senate Inactive File

Provides that the provisions of existing law allowing the use of persistency of coverage as an automobile insurance optional rating factor shall cease to be operative on a certain date.

Requires the California Research Bureau to contract with a recognized actuarial firm to complete a study regarding whether a discount for persistency of coverage with another insurer adversely affects low-income and previously uninsured individuals.

## **PREMIUM**

### **SB 1291 (Burton) -- Insurance Commissioner: Approvals**

**PIFC Position:** Watch

**Status:** Died in the Assembly Insurance Committee

Requires the Insurance Commissioner, if he or she has approved a class plan, a rating methodology, an underwriting or eligibility rule, or a policy form for use by an insurer that writes automobile or loss or damage to real property insurance, and the use is still allowed, to allow the use of that plan, methodology, rule of form by another insurer upon a proper filing by that insurer.

### **SB 1321 (Ortiz) -- Approval of Insurance Rates**

**PIFC Position:** Oppose

**Status:** Died in the Senate Insurance Committee

Requires the Insurance Commissioner to consider whether an insurance rate is excessive relative to the insurance company's profit margin. Provides that a public hearing must be held if, for personal or commercial lines of insurance, the proposed rate adjustment exceeds, over the course of a 12-month period, the specified percentage increase over the then applicable rate.

## **PRIVACY**

### **AB 1811 (Bogh) -- Privacy: Social Security Numbers**

**PIFC Position:** Neutral

**Status:** Died in the Assembly Judiciary Committee

Prohibits the public posting or displaying of any portion, except a specified portion, of an individual's social security number.

### **AB 1950 (Wiggins) -- Privacy: Personal Information**

**PIFC Position:** Neutral

**Status:** Chapter 877 of the 2004 Statutes

Requires a business, other than specified entities, that owns or licenses personal information about a state resident to implement and maintain reasonable security procedures and practices to protect such information from unauthorized access, destruction, use, modification, or disclosure. Requires a business that discloses such information to a nonaffiliated third party, to require by contract that those entities maintain specified reasonable security procedures. Exempts financial institutions as defined under SB 1 of 2003.

### **AB 2313 (Chan) -- Health Insurance Portability: Accountability Act**

**PIFC Position:** Watch

**Status:** Chapter 141 of the 2004 Statutes

Relates to the Health Insurance Portability and Accountability Implementation Act (HIPAA) of 2001 and provisions of state law that are preempted by HIPAA. Extends to January 1, 2008, the requirement that the office established by the Governor within the Health and Human Services

Agency is responsible for implementing the provisions of the HIPAA to determine what state law is preempted.

**AB 2537 (Mountjoy) -- Children's Privacy Protection**

**PIFC Position:** Watch

**Status:** Died in the Assembly Judiciary Committee

Enacts the Children's Privacy Protection and Parental Empowerment Act. Prohibits the sale or purchase of personal information concerning a person who is known to be a child, without the consent of the child's parent or legal guardian. Authorizes a parent or legal guardian of a child whose information is sold or purchased in violation of these provisions to recover punitive damages, actual damages, court costs, and attorney's fees.

**AB 2787 (Leslie) -- Computer Deceptive Practices: Regulation**

**PIFC Position:** Watch

**Status:** Died in the Senate Judiciary Committee

Enacts the Protection Against Computer Spyware Act. Prohibits a person or entity conducting business in the state from knowingly causing a computer program to be copied onto the computer of a state consumer and using the program to perform certain acts or altering the consumer's access Internet access or use. Provides for civil enforcement actions by the Attorney General. Provides a software or interactive computer service is exempt if the consumer is notified in advance.

**AB 2840 (Corbett) -- Vehicle Rental Agreements: Electronic Surveillance Technology**

**PIFC Position:** Watch

**Status:** Chapter 317 of the 2004 Statutes

Prohibits a rental company that uses electronic surveillance technology in its rental vehicles from using, accessing or obtaining information relating to the renter's use of the rental vehicle that was obtained using that technology. Requires a rental company to obtain a renter's express authorization before using or disclosing to others information about the renter's use of the vehicle.

**AB 3016 (Pavley) -- Privacy: Social Security Numbers**

**PIFC Position:** Neutral

**Status:** Chapter 282 of the 2004 Statutes

Removes a continuous use exception from Social Security privacy provisions in existing law.

**AB 3035 (Yee) -- Confidentiality of Medical Information**

**PIFC Position:** Watch

**Status:** Died in the Assembly Appropriations Committee

Prohibits a provider of health care employed or operated by the University of California from disclosing medical information regarding a patient to a person or entity that provides transcription of medical data.

**SB 425 (Poochigian) -- Identity Theft**

**PIFC Position:** Neutral

**Status:** Died in the Assembly

Amends existing law which specifies the offense of identity theft and provides punishment therefore. Specifies that the acquisition, transfer, or retention of possession of personal identifying information in violation of existing law would be a separate and distinct offense.



**SB 871 (Torlakson) – Vehicles: Accident Reports**

**PIFC Position:** Watch

**Status:** Chapter 336 of the 2004 Statutes

Authorizes the Department of Motor Vehicles, using information in motor vehicle law enforcement accident reports, to make the license plate number and the report number available to a person who has established a commercial requester account and enters into an agreement with the DMV. Requires the agreement to stipulate the information may not be used to identify or contact any person and is only to be used to identify a vehicle damaged in an accident.

**SB 1279 (Bowen) -- Identity Theft**

**PIFC Position:** Oppose Unless Amended

**Status:** Died in the Assembly Business and Professions Committee

Requires an agency, or a person or business conducting business in the State that possesses any data that includes the personal information of a state resident to notify the resident of any breach of the security of the data.

**SB 1436 (Murray) -- Computer Spyware**

**PIFC Position:** Watch

**Status:** Chapter 843 of the 2004 Statutes

Prohibits a person or entity other than the authorized user of a computer owned by a person in the State from, with actual knowledge, conscious avoidance of actual knowledge or willfully, causing computer software to be copied onto the computer and using the software to do certain actions to include controlling the computer, modifying access to the Internet, the collection of personally identifiable information by deception, and disabling anti-spyware or antivirus software.

**SB 1451 (Figueroa) -- Privacy Guarantees**

**PIFC Position:** Neutral

**Status:** Vetoed by the Governor

Prohibits a person who receives protected nonpublic personal information of financial and insurance nature from sharing or disclosing the information in a manner that would be prohibited by a privacy law. Provides that a person would be civilly liable for sharing or disclosing that information.

**SB 1492 (Dunn) -- Confidential Information**

**PIFC Position:** Oppose

**Status:** Vetoed by the Governor

Prohibits a health care business from transmitting individual identifiable health information to a site outside the United States, unless specified notice and authorization requirements are satisfied. Requires a person or entity that has contracted or subcontracted with a health care business to receive individually identifiable health information to disclose to the business if any of the information will be transferred outside the United States. Provides who must make these disclosures.

**SB 1605 (Murray) -- Genetic Information: Privacy**

**PIFC Position:** Watch

**Status:** Died in the Senate Judiciary Committee

Relates to the confidentiality of Medical Information Act. States the intent of the Legislature to enact legislation that would establish procedures relating to genetic information and privacy. Provides that genetic information is the personal property of the individual to whom the information pertains and is protected by the right to privacy.

**SB 1633 (Figueroa) -- Medical Information Privacy****PIFC Position:** Watch**Status:** Chapter 861 of the 2004 Statutes

Prohibits a business from seeking to obtain medical information directly from an individual for direct marketing purposes without providing specified disclosures and obtaining the individual's consent. Exempts businesses that are already subject to the Confidentiality of Medical Information Act, certain telephone corporations and insurance institutions, agents and support organizations from the provisions of this legislation.

**SB 1822 (Figueroa) -- Privacy: Online Communications****PIFC Position:** Watch**Status:** Died in the Assembly Judiciary Committee

Prohibits a provider of e-mail or instant messaging service from knowingly divulging or deriving personally identifiable information, user characteristics, or content of an electronic mail or instant message while the mail or message is being stored by the provider. Allows provider use of content for marketing purposes under certain conditions. Requires the provider to remove the communication when a customer requests the deletion.

**PROPOSITION 103****AB 1318 (Maddox) -- Automobile Insurance: Good Driver Discount****PIFC Position:** Support**Status:** Died in the Senate Insurance Committee

Amends existing law which provide for the purchase of Good Driver Discount motor vehicle insurance policies if he or she meets certain criteria, among other things, has not been the driver of a motor vehicle involved in an accident that resulted in bodily injury or death and in which he or she was principally at fault. Requires an insurer to notify an insured if the insurer determines that he or she was principally-at-fault but not percentages of fault. This issue was handled administratively by the California Department of Insurance under RH03030475.

**AB 2249 (Horton, J.) -- Auto Insurance: Good Driver Discounts****PIFC Position:** Watch**Status:** Died in the Senate Insurance Committee

Provides that nothing in existing law regarding insurers under common ownership, management, or control shall prohibit 2 or more insurers under common ownership that sell insurance through different distribution systems from selling separate good driver discount policies, provided that each insurer offers its lowest rate for that coverage.

**AB 3088 (Horton, J.) -- Auto Insurance: Good Driver Discounts****PIFC Position:** Neutral**Status:** Chapter 787 of the 2004 Statutes

Provides that insurers operating under common management and control are not required to sell good driver discount policies issued by other insurers within the common ownership group if specified conditions are met.

**RED LIGHT CAMERAS****AB 517 (Oropeza) -- Vehicles: Automated Enforcement System****PIFC Position:** Watch**Status:** Vetoed by the Governor

Provides that photographic records made by an automated enforcement system and related information be retained for up to 13 months or until final disposition of the citation, whichever date is later. Specifies that the records and information are available for judicial purposes.

Authorizes law enforcement agency that operates an automated enforcement system to audit retained records.

## **RENTAL CAR COMPANIES**

### **AB 118 (Frommer) -- Rental Vehicle Transaction Fees**

**PIFC Position:** Watch

**Status:** Died in the Senate

Requires rental care companies to collect a specified impact fee on each rental transaction. Requires the companies to remit all fees to the State Board of Equalization to be deposited in the Transportation Congestion Relief Fund and funds to be allocated exclusively to certain construction projects at locations found to be used by a high proportion of rental cars.

### **AB 2503 (Liu) -- Rental Vehicles: Passenger Vans**

**PIFC Position:** Watch

**Status:** Chapter 853 of the 2004 Statutes

Requires a rental company to provide specified documentation to the renter of a 15-passenger van related to its associated dangers or if being rented for business purpose or use. Requires the acknowledgement thereof.

### **AB 2761 (Leno) – Vehicle Rental Agreements**

**PIFC Position:** Watch

**Status:** Chapter 536 of the 2004 Statutes

Authorizes a rental car company to separately quote, and separately impose, additional charges for the rental in connection with the qualified business rental of a passenger vehicle to a business renter of a defined business program sponsor under the sponsor's business program rental contract. Authorizes a renter to bring an action against a rental company for the recovery of damages and appropriate equitable relief for a violation.

### **AB 2840 (Corbett) – Vehicle Rental Agreements: Electronic Surveillance Technology**

**PIFC Position:** Watch

**Status:** Chapter 317 of the 2004 Statutes

Prohibits a rental company that uses electronic surveillance technology in its rental vehicles from using, accessing or obtaining information relating to the renter's use of the rental vehicle that was obtained using that technology. Requires a rental company to obtain a renter's express authorization before using or disclosing to others information about the renter's use of the vehicle.

## **SAFETY**

### **AB 1569 (Firebaugh) -- Smoking in Vehicles with Minor Passengers**

**PIFC Position:** Watch

**Status:** Died in the Senate Appropriations Committee

Makes it an infraction punishable by a fine for a person to smoke a pipe, cigar or cigarette in a motor vehicle, whether in motion or at rest, in which there is a child passenger who is required to be secured in a child passenger restraint system. Provides the first violation is not subject to a fine. Requires the Department of Health Services to conduct a public education program regarding the dangers of secondhand smoke in confined places and to inform the public of the bill's requirements.

**AB 1854 (Simitian) -- Motor Vehicles: Headlamps: Inclement Weather**

**PIFC Position:** Watch

**Status:** Chapter 415 of the 2004 Statutes

Requires, on July 1, 2005, a motor vehicle, other than a motorcycle, to be equipped with headlamps during inclement weather.

**AB 2222 (Koretz) – Boating Safety**

**PIFC Position:** Watch

**Status:** Chapter 565 of the 2004 Statutes

Enacts the Anthony Farr and Stacy Beckett Boating Safety Act. Makes it unlawful to operate a motorized vessel or have the engine of the vessel run idle while someone is teak surfing, platform dragging or bodysurfing behind the vessel or while someone is occupying or holding onto the swim platform, swim deck, swim step, or swim ladder of the motorized vessel.

**AB 2844 (La Suer) – Motorcycle: handlebars**

**PIFC Position:** Watch

**Status:** Chapter 280 of the 2004 Statutes

Prohibits a person from driving a 2-wheel motorcycle that is equipped with handlebars so positioned that the hands of the driver, when upon the grips, are more than six inches above his or her shoulder height.

**AB 2997 (Firebaugh) -- Vehicles: Smoking: Passengers: Minors**

**PIFC Position:** Watch

**Status:** Died in the Assembly

Makes it an infraction for a person to smoke a pipe, cigar, or cigarette in a motor vehicle, whether in motion or at rest, in which there is a child passenger who is required to be secured in a child passenger restraint system.

**SB 1800 (Murray) -- Vehicles: Distracting Activities**

**PIFC Position:** Support

**Status:** Died in the Assembly Transportation Committee

Allows law enforcement to impose an infraction upon a motorist that engages in a distracting activity, as defined, while operating a motor vehicle. Provides penalties if a person is convicted of a violation. Prohibits a law enforcement officer from stopping a vehicle when a person is engaging in distracting activity unless the vehicle is being operated in an unsafe manner. Prohibits a first time violation from being a point value. Requires second or subsequent violations to be given a value of one point.

**AB 2139 (Maze) – Vehicles: Child Restraint Systems**

**PIFC Position:** Watch

**Status:** Chapter 420 of the 2004 Statutes

Revises and adds clarity to existing law that prohibits a parent or legal guardian, while present in a motor vehicle, from permitting his or her child or ward to be transported upon a highway in the vehicle without providing and properly securing the child or ward in a rear seat in a child passenger restraint system meeting applicable federal safety standards, unless the child or ward is 6 years of age or older or weighs 60 pounds or more.

## **SETTLEMENTS**

**AB 2081 (Nakano) -- Settlement Offers**

**PIFC Position:** Watch

**Status:** Died in the Assembly Judiciary Committee

Provides that any party may serve an offer in writing, not less than ten days prior to the commencement of trial or arbitration, upon any other party to an action to allow judgment to be

taken or an award to be entered in accordance with the terms and conditions stated at that time. Clarifies that the offer includes an offer to enter into a settlement.

**AB 2161 (Reyes) -- Structured Settlement Transfers**

**PIFC Position:** Watch

**Status:** Chapter 582 of the 2004 Statutes

Makes specified changes to the requirements regarding the disclosure statement of a transferee of structured settlement payment rights. Eliminates the requirement that a transferee of structured settlement payment rights provide written notice of a proposed transfer to all interested parties at certain times. Provides the requirement to file specified documents with the Attorney General to not apply to a payee who is not a resident under certain conditions. Makes other related changes.

**SB 494 (Escutia) -- Health Services**

**PIFC Position:** Oppose

**Status:** Vetoed by the Governor

Amends provisions that permit a provider who has rendered services to a beneficiary because of an injury for which a third party is liable and who has received payment under the Medi-Cal program to file a lien for the services provided against any judgment, award, or settlement obtained by the beneficiary. Revises provider lien procedures to authorize the lien for reasonable and necessary charges for services provided against a judgment, award or settlement against a third party.

**SB 1680 (Chesbro) -- Insurance: Structured Settlements**

**PIFC Position:** Watch

**Status:** Died in the Senate Judiciary Committee

Revises provisions of existing law governing the transfer of payment rights of a structured settlement.

**SOCIAL SECURITY NUMBERS**

**AB 1811 (Bogh) -- Privacy: Social Security Numbers**

**PIFC Position:** Neutral

**Status:** Died in the Assembly Judiciary Committee

Prohibits the public posting or displaying of any portion, except a specified portion, of an individual's social security number.

**SB 1822 (Figueroa) -- Privacy: Online Communications**

**PIFC Position:** Watch

**Status:** Died in the Assembly Judiciary Committee

Prohibits a provider of electronic mail or instant messaging service from knowingly divulging or deriving personally identifiable information, user characteristics or content of an e-mail or instant message while the mail or message is being stored by the provider. Allows provider use of content for marketing purposes under certain conditions. Requires the provider to remove the communication when a customer requests the deletion.

**SURPLUS LINES**

**AB 2490 (Maddox) -- Insurance: Surplus Line Brokers: Notice**

**PIFC Position:** Watch

**Status:** Chapter 95 of the 2004 Statutes

Allows a procedure where by an agent or broker can obtain the applicant's signature on a disclosure form within five days for immediately binding coverage, to be used for homeowner's insurance coverage. Makes specified changes to the disclosure form.

## **TAXATION**

### **AB 263 (Oropeza) -- Corporation Taxes: Deduction: Insurance Company**

**PIFC Position:** Watch

**Status:** Chapter 868 of the 2004 Statutes

Allows a dividend received deduction with respect to qualified dividends received by a corporation during the taxable year from a corporation that is an insurer, whether or not the insurer is engaged in business in the state. Applies special rules to dividends received from an insurance company that insures risks of a member of the insurance company's common controlled groups. Authorizes certain requirements by the Franchise Tax Board.

### **AB 1791 (Chavez) -- Internet Tax**

**PIFC Position:** Watch

**Status:** Died in the Assembly Appropriations Committee

Reenacts the California Internet Tax Nondiscrimination Act to prohibit, with specified exceptions, the imposition, assessment, or attempt to collect a tax on internet access, online computer services, or the use of the internet or online computer services, a bit or bandwidth tax or any discriminatory tax on online computer services or online computer Internet access.

### **AB 1850 (Cohn) -- Taxation: Insurance Companies**

**PIFC Position:** Watch

**Status:** Died in the Senate Appropriations Committee

Requires the Legislative Analyst, in conjunction with certain state agencies, to prepare a study on the taxation of insurance companies that generally pay the gross premiums tax and on health care service plans that generally pay the franchise tax.

### **SB 1537 (Soto) -- Sales and Use Tax: California Fire Disaster Relief**

**PIFC Position:** Watch

**Status:** Died in the Senate Revenue and Taxation Committee

Increases the sales tax and the use tax by 1/4% to fund fire disaster relief. Creates a fund for deposit of receipts. Limits use of that fund to disbursements by the Office of Emergency Services and the State Fire Marshal for purposes of fire prevention and emergency response. Authorizes the Director of Finance to transfer moneys from the relief fund to the Special Fund for Economic Uncertainties to reimburse that fund.

## **TRAFFIC SCHOOL**

### **AB 2377 (Longville) -- Vehicles: Home Study Traffic Violator Schools**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Provides for the licensing of home study-based traffic violator schools. Requires the Department of Motor Vehicles to approve the curriculum. Requires copies of the referral list and the classroom referral list to be sent to each Superior Court. Requires a traffic violator completing a program of traffic safety instruction to indicate that he or she personally completed the course and the final examination. Requires a bond from such schools. Specifies lists of school for court use.

### **AB 2458 (Benoit) -- Traffic Violator Schools: Lesson Plans**

**PIFC Position:** Watch

**Status:** Died in the Senate Transportation Committee

Provides that a traffic violator school owner provide a minimum of 240 minutes of a Department of Motor Vehicles approved lesson plan of traffic safety instruction that is designed to improve safe driving habits and reduce traffic accidents, except that for persons under 18 years of age, the plan may provide 360 minutes of that traffic safety instruction.

**SB 1269 (Morrow) -- Traffic Violators: Judicial Council report**

**PIFC Position:** Watch

**Status:** Chapter 665 of the 2004 Statutes

Requires the Judicial Council to collect and compile specified data and information in a report that provides a clear understanding of the current system involving the collection and expenditure of traffic violator fees and to recommend one or more approaches to setting a fiscal policy for the fees charged to those traffic violators. Requires the data and information be made available to a person upon request and payment of a fee.

## **UNDERWRITING**

**AB 2249 (Horton, J.) -- Auto Insurance: Good Driver Discounts**

**PIFC Position:** Watch

**Status:** Died in the Senate Insurance Committee

Provides that nothing in existing law regarding insurers under common ownership, management, or control shall prohibit two or more insurers under common ownership that sell insurance through different distribution systems from selling separate good driver discount policies, provided that each insurer offers its lowest rate for that coverage.

**AB 3088 (Horton, J.) -- Auto Insurance: Good Driver Discounts**

**PIFC Position:** Neutral

**Status:** Chapter 787 of the 2004 Statutes

Provides that insurers operating under common management and control are not required to sell good driver discount policies issued by other insurers within the common ownership group if specified conditions are met.

**SB 64 (Speier) -- Homeowners' Insurance**

**PIFC Position:** Support

**Status:** Chapter 357 of the 2004 Statutes

Expands the Department of Insurance's mediation program to include claims from the Southern California fires of 2003. Extends the operation of existing law that requires the Department of Insurance to establish a program of mediation for disputes between insured complainants and insurers involving certain earthquake and auto insurance claims. Requires the CDI to establish a program for mediation of disputes regarding residential property insurance losses, other than earthquake losses under declared states of emergency. Sets forth specified procedures requirements for the mediation. This measure, as introduced, would have placed restrictions on the underwriting of homeowner insurance risks.

**SB 1474 (Escutia) -- Homeowners' Insurance: Claims**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Insurance Committee

Prohibits an insurer, with respect to a homeowner's policy, from refusing to issue or renew the policy, charging a surcharge, or disallowing a credit on the basis of claims resulting from natural causes, including weather-related events, closed without payment claims, fire claims where the property of the insured was not the inception point of the fire, and claims where the exposure to loss has been mitigated. Specifies claims with respect to which these prohibitions would not apply. Provides that nonrenewal based on a hazardous condition shall take effect until an insurer has provided written notice to the insured and provided the insured with time to mitigate the situation.

**SB 1564 (Escutia) -- Homeowners' Insurance: Claims**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Insurance Committee

Prohibits an insurer from refusing to renew a homeowners' policy on the basis of specified claims filed by an insured. Specifies claims with respect to which this prohibition would not apply.

**UNFAIR COMPETITION LAW**

**AB 2369 (Correa) -- Unfair Competition Actions**

**PIFC Position:** Watch

**Status:** Died in the Assembly Judiciary Committee

Imposes specified requirements on an unfair competition action brought on or after January 1, 2005, by a private person acting for the interests of the general public, which the bill would designate as a representative cause of action. Requires notification of specified agencies of the filing of a representative cause of action. Authorizes a court to impose sanctions in a representative cause of action against the private plaintiff.

**SB 122 (Escutia) -- Unfair Competition**

**PIFC Position:** Oppose

**Status:** Died in the Assembly

Authorizes, with exceptions, a party to request court review and approval of a settlement or compromise of an unfair competition action brought or proposed to be brought on behalf of the general public. Requires the plaintiff to serve a specified notice on each defendant and a copy to the State Bar. Specifies set off requirements applicable to unfair competition actions.

**SB 185 (Sher) -- Representative Actions**

**PIFC Position:** Oppose

**Status:** Died in the Assembly Judiciary Committee

Requires a proposed settlement in an unfair competition action brought or planned to be brought by a private person on behalf of the general public to be approved by a court. Establishes certain procedures in that regard. Authorizes any representative of a public agency, any party, any proposed party or any other person directly affected by the action to file an objection. Requires notice be given to each defendant or proposed defendant.

**VEHICLE CODE**

**AB 1854 (Simitian) -- Motor Vehicles: Headlamps: Inclement Weather**

**PIFC Position:** Watch

**Status:** Chapter 415 of the 2004 Statutes

Requires, on July 1, 2005, a motor vehicle, other than a motorcycle, to be equipped with headlamps during inclement weather.

**AB 1951 (Benoit) -- Traffic Signs or Signals**

**PIFC Position:** Watch

**Status:** Chapter 203 of the 2004 Statutes

Expands the scope of existing law to include the failure to obey a sign or signal of a regulatory nature that is erected or maintained to enhance traffic safety operations and would include the authority of a public body or official, rather than pursuant to specific statute.



## **VEHICLE INPOUNDMENT**

### **AB 625 (Spitzer) -- Vehicles: Towing: Storage Charge**

**PIFC Position:** Watch

**Status:** Died in the Senate Appropriations Committee

Requires a storage facility operator or keeper who holds a vehicle that is placed in storage following its removal under certain circumstances to, upon the in person demand of the registered owner or the owner's agent, release the vehicle within one hour of that demand if made during certain hours, and if certain conditions apply. Prohibits a storage facility operator or keeper who violates this requirement from imposing any storage charges for the vehicle.

### **AB 1847 (Koretz) -- Vehicles: Removal**

**PIFC Position:** Watch

**Status:** Chapter 371 of the 2004 Statutes

Allows a specified trained volunteer of a state or local law enforcement agency who is engaged in directing traffic or enforcing parking laws and regulations to remove a vehicle located within the territorial limits in which the officer or employee is allowed to act.

## **WHISTLEBLOWERS**

### **AB 1127 (Horton, S.) -- Whistleblower Protection**

**PIFC Position:** Watch

**Status:** Chapter 820 of the 2004 Statutes

Amends existing law that requires employers to prominently display in lettering larger than size 14-point type a list of employees' rights and responsibilities under the whistleblower laws. Requires the lettering of the list be larger than size 14-point type.

### **AB 2713 (Pavley) -- Representation of Governmental Organizations**

**PIFC Position:** Watch

**Status:** Vetoed by the Governor

Authorizes an attorney who, in the course of representing a governmental organization, learns of improper governmental activity, to urge reconsideration of the matter and to refer it to a higher authority in the organization. Authorizes the attorney, in specified circumstances, to refer the matter to a law enforcement agency or to another governmental agency. Exempts the attorney from disciplinary action for making a referral of the matter.

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