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STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105

RH06050871 January 16, 2007

INITIAL STATEMENT OF REASONS

Proposed Amendments to the CAARP Rules and Rates Manual

PURPOSE OF THE REGULATION

Pursuant to California Insurance Code Section 11620 California Insurance Commissioner John Garamendi will hold a public hearing regarding the recommendation of the California Automobile Assigned Risk Plan ("CAARP" or "Plan") to amend the CAARP Rules and Rates Manual.

NECESSITY OF REGULATION

Rule 5 would be amended to clarify that a fee should only be charged at the initial receipt of the application and not at renewal.

Rule 122 would be amended to allow courier operations with 25 or more drivers to be to report changes on a quarterly basis.

Rule 124 would be amended to provide delivery receipts rating for prepared Food delivery Operations. In addition Rule 124 would be amended to establish new minimum bodily injury and property damage limits.

IDENTIFICATION OF STUDIES

The proposed amendments rely upon the expertise and experience of CAARP's Advisory Committee. No data, studies, information or reports were submitted for this proceeding.

SPECIFIC ACTIONS, PROCEDURES, TECHNOLOGIES OR EQUIPMENT

Adoption of the proposed changes would not mandate the use of specific technologies or equipment.

REASONABLE ALTERNATIVES

The Commissioner invites public comments on the proposed changes and reasonable alternatives which would be as effective to carry out the proposed changes.

ECONOMIC IMPACT ON BUSINESS

The Commissioner has initially determined that the proposed changes will not have a significant adverse economic impact on businesses. The Commissioner invites interested parties to comment on whether the proposed changes will have a significant adverse economic impact on business.

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