

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

REG 2007-00036

June 20, 2008

INITIAL STATEMENT OF REASONS
Proposed Amendments to CAARP Plan of Operations

PURPOSE OF THE REGULATION

Pursuant to California Insurance Code Section 11620 California Insurance Commissioner Steve Poizner will hold a public hearing regarding the recommendation of the California Automobile Assigned Risk Plan (“CAARP” or “Plan”) to amend the Plan of Operations.

NECESSITY OF REGULATION

When the producer certification program was implemented in 1995 any producer licensed prior to that date was not required to take a producer seminar. Since that time there have been many changes to the CAARP Plan of Operations in addition to the introduction of the Low Cost Auto program. Thus many of the current certified producers have never taken the producer certification course and may not be familiar with all of the changes. To maintain their certification status certified producers will be required to attend a producer seminar or complete it on-line once every four years. This will provide producers with opportunities to update their knowledge of Plan rules and for those certified prior to 2000 the opportunity to learn about the Low Cost Auto program.

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 may have an impact on business. Anytime someone is taken away from customer service there is the possibility that a sale may be missed. However this impact should be small and ultimately lead to better customer service as the business will have a better understanding of the CAARP and Low Cost services. The Commissioner invites interested parties to comment on whether the proposed changes will have any other adverse economic impact on business.