

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

**REG 2007-00035**

**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**

Premium deposits determined using the minimum premium deposit per vehicle or power unit may not be adequate because the current minimum deposit amounts have been in effect for more than 20 years. The minimum deposit rate is updated to reflect past rate increases. In addition, the time frame for issuance of commercial financial responsibility filings, such as FHA, ICC, DOT, PUC and DMV filings, for new business applications is not clear in the performance standards.

**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 there may be an increase to a minimum deposit will impact the insured. However this impact is minimal because the monies would have to be collected to provide coverage. The Commissioner invites interested parties to comment on whether the proposed changes will have any other adverse economic impact on business.