



TRADES JOINT STATEMENT CDI PRIOR APPROVAL WORKSHOP NOVEMBER 10, 2011

We are all here today to provide a joint statement on prior approval for the following trade organizations: American Insurance Association, Association of California Insurance Companies, Pacific Association of Domestic Insurance Companies, and Personal Insurance Federation of California.

We have reviewed Topics 1-6 and it is our view that there is well settled case law in each area. We invite the California Department of Insurance (CDI) to provide further details on these issues, and perhaps examples, the sources of the confusion or need for clarity, so that we can better evaluate any potential proposal.

If, however, the purported goal of these proposals is to overturn well settled case law via regulation, then that is something we cannot support.

As we have in the past, we are committed to addressing issues that are important and beneficial to our policyholders. Thus, we would like CDI to also consider a discussion in the following areas: 1) changes to the substantive components of the prior approval formula; 2) changes to the procedures of the prior approval system (including the current deemer provision); and 3) changes to the intervenor process.

We would like to thank the CDI for holding a workshop that allows open discussion and the opportunity to share different perspectives on these complex and important regulatory issues.