



Date: December 29, 2009

To: The Honorable Jose Solorio
Chairman, Assembly Insurance Committee
State Capitol, Room 2013
Sacramento, CA 95814

From: Rex D. Frazier, President
Michael A, Gunning, Vice President
Kimberley Dellinger-Dunn, General Counsel
Ermelinda Ruiz, Legislative Advocate

Re: AB 989 (Block): Senior Insurance: Actions Against Insurers

PIFC Position: Oppose

The Personal Insurance Federation of California (PIFC), representing insurers who write over 50% of all personal lines insurance sold in California, including State Farm, Allstate, Farmers, Liberty Mutual, 21st Century, Progressive, and NAMIC, **opposes AB 989 authored by Assembly Member Block**, which would create a new and distinct private cause of action in the California Insurance Code.

AB 989 would allow any person who is harmed as a result of a violation of the Insurance Code's Senior Insurance Article to bring a civil action for compensatory damages and any other remedies otherwise provided by law. The bill would do nothing to enhance the many protections currently in place for senior consumers, and would more likely create a class action vehicle that would dramatically increase insurers' expenses and potentially drive up the cost of home and auto insurance to California consumers. This measure is exactly the proverbial "camel's nose under the tent" in terms of creating a vehicle for third party bad faith litigation.

Unfortunately, despite good intentions, AB 989 would likely do nothing more than result in an onslaught of lawsuits being filed against insurance companies and agents. While we understand this is not the author's intent, it would most likely be the outcome. Furthermore, the bill could significantly increase burdens on California's court system and likely usurp the Insurance Commissioner's authority to regulate consistently and effectively.

For these reasons, PIFC opposes AB 989 (Block) and **urges your no vote**. If you have any additional questions regarding our position, please do not hesitate to contact Vice President, Michael A. Gunning at (916) 442-6646.

Sincerely,

Michael A. Gunning
Vice President

cc: Assemblyman Marty Block, Author
Members, Assembly Insurance Committee
Mark Rakich, Chief Consultant, Assembly Insurance Committee
Kevin Hanley, Consultant, Assembly Republican Caucus
David Link, Legislative Director, California Department of Insurance
Acting Director, Office of the Insurance Advisor