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MEMORANDUM

Date: May 10, 2006

To: The Honorable Kevin Murray, Chair
Members, Senate Appropriations Committee

From: Rex D. Frazier, Vice President & General Counsel
Michael A. Gunning, Vice President
Michael A. Paiva, Senior Legislative Advocate

Re: SB 1160 (Cedillo): Vehicles: driver's license
As Amended May 1, 2006
Senate Appropriations Committee: May 15, 2006
PIFC Position: Support

The Personal Insurance Federation of California, representing insurers who write 44% of the auto insurance sold in the state, including State Farm, Farmers, Safeco, 21st Century and Progressive, **supports SB 1160** by Senator Cedillo. SB 1160 requires the Department of Motor Vehicles (DMV) in the issuance of drivers' licenses and identification cards, to issue licenses and cards that are in compliance with specified requirements of the federal Real ID Act of 2005.

PIFC and its member companies have a long history of support for sound public safety measures that serve to reduce injuries and enhance public safety. Current law prevents many drivers from receiving the proper training and testing to be safe, licensed and insured drivers. PIFC supports SB 1160 because it would help make California roads safer by allowing all California drivers, within the context of the Federal Real ID Act of 2005, to obtain drivers' licenses on the basis of ability to pass the certification requirements of the Department of Motor Vehicles.

There are more than 30 million vehicles on the streets of California. According to estimates from the California Department of Insurance, 25 percent or 7.5 million drivers in California do not have automobile insurance. In parts of Los Angeles County, the uninsured motorist rate is as high as 75 percent. In parts of Orange County, the uninsured motorist rate is as high as 67 percent. SB 1160 would allow an estimated two million eligible drivers to obtain a driver's license. Licensing two million drivers who previously have not been licensed will help to keep the California's roads safer, potentially impacting auto insurance rates.

The state requires every driver of a vehicle to have automobile insurance. Many insured drivers purchase optional uninsured motorist coverage for protection against the large number of drivers who by law are currently excluded from purchasing auto insurance. Drivers with insurance purchase uninsured motorist coverage to protect themselves from being injured or suffering property damage after being involved in an accident with an at-fault uninsured motorist. When an uninsured driver is involved in an at-fault accident, it only adds to the costs of auto insurance, which every insured driver has to eventually pay for, thus driving up the rates for all insured drivers. When uninsured motorist

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coverage is not utilized, a county or the state may end up paying major medical bills and property damage for uninsured drivers and passengers. Ensuring that all California drivers have vehicle liability insurance coverage will reduce insurance costs for all motorists.

Once implemented, SB 1160 will allow California law to adhere to the permissive provisions of the federal Real ID Act by providing a "driving only license," that is not recognized by the federal government for identification purposes, and clearly states on its face that it cannot be used by any federal agency for federal identification or any other official purpose.

California issues driving licenses to ensure that drivers have a demonstrated basic understanding and necessary competence of the rules of the road, both for their safety and for the safety of other drivers. For 65 years until 1994, California licensed all drivers that met these requirements without regard to immigration status. SB 1160 will allow all Californians who drive to be tested for their competency. PIFC supports SB 1160 for these pertinent reasons:

- Trained, tested, and insured drivers enhance public safety for everyone. By allowing all California residents to apply for a driver's license and learn the rules of the road, SB 1160 will improve highway safety and protect the lives of all Californians.
- Ensuring all California drivers have access to auto insurance will help reduce costs for all motorists. Unlicensed drivers are unable to obtain auto insurance and are more likely to pass the costs associated with an accident on to insured drivers, driving up insurance costs.

For the above reasons, **PIFC supports SB 1160 and urges your yes vote.** If you have any additional questions regarding our position, please do not hesitate to contact Michael A. Gunning at (916) 442-6646.

cc: Honorable Gilbert Cedillo, Author
Mark McKenzie, Senate Appropriations Committee
Rocel Bettencourt, Senate Republican Caucus
Cynthia Bryant, Deputy Legislative Secretary, Office of the Governor
Kathleen Webb, Office of the Insurance Advisor
Senate Floor Analyses