



STATE FARM
FARMERS
21ST CENTURY
SAFECO
PROGRESSIVE
NAMIC

September 13, 2007

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

Request for Signature on SB 430

Dear Governor Schwarzenegger:

The Personal Insurance Federation of California (PIFC), representing insurers who write over 50% of all personal lines insurance sold in California, including State Farm, Farmers, Safeco, 21st Century, Progressive, and NAMIC, **respectfully requests your signature on Senate Bill 430** authored by Senator Machado.

SB 430 would create a new \$1.3 billion pool of capital to support the California Earthquake Authority (CEA) to ensure the CEA remains a highly-capitalized fund that is capable of protecting California homeowners from multiple earthquake events. This new capital would be provided by the insurance industry at no cost to the State of California and for no compensation to the insurers. SB 430 would ensure that the CEA remains the largest state earthquake program in the country.

A previous version of SB 430 contained a provision that could have led to a rate increase for CEA customers. ***The enrolled version of SB 430 ensures that CEA customers will not face any rate increase.***

The CEA plays a vital role in the California economy. Without it, insurers would be unable to continue to sell homeowners' insurance in California – which is critical to ensure continued new and existing home sales. The CEA was created in 1996 with bipartisan support and a broad economic coalition, including Realtors®, builders, lenders, and escrow and title groups.

The CEA represents a successful public-private partnership between the State of California and the insurance industry. SB 430 is necessary for the continued success of the CEA and would maintain the CEA's status as an "investment grade" fund.

For the above reasons, **PIFC respectfully requests your signature on this bill.** If you have any questions, please contact Rex Frazier at (916) 442-6646.

Sincerely,

Rex D. Frazier, President

Michael A. Gunning, Vice President

cc: The Honorable Mike Machado, Author
Susan P. Kennedy, Chief of Staff, Office of Governor Schwarzenegger
Mike Proso, Chief Deputy, Legislative Affairs Secretary for the Governor
Cynthia Bryant, Director, Office of Planning and Research
Kathleen Webb, Office of the Insurance Advisor

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