

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

REG-2008-00014

June 20 2008

INITIAL STATEMENT OF REASONS

Proposed Amendments to the CAARP Rules and Rates Manual

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 CAARP Rules and Rates Manual.

NECESSITY OF REGULATION

The commercial uninsured motorist rule is ambiguous regarding the application of the increased limits rate, rating for motorcycles used for commercial purposes and rating for private passenger autos on a commercial policy. In addition the rule does not contain rates or minimum premium for non-owned and hired autos. CAARP proposes amending the commercial uninsured motorist rule to clarify the application of the increased limits rate, the procedure for motorcycles used for commercial purposes and the rating procedure for private passenger autos on a commercial policy. Also, rates and the minimum premium are introduced for nonowned and hired autos. Finally, CAARP proposes amending the premium development and motorcycle rules for clarification purposes.

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 will not have a significant adverse economic impact on businesses. The Commissioner invites interested parties to comment on whether the proposed changes will have a significant adverse economic impact on business.