



Personal Insurance Federation of California

California's Personal Lines Trade Association

REPRESENTING THE LEADING AUTOMOBILE AND HOMEOWNERS INSURERS

State Farm • Farmers • 21st Century Insurance Group • SAFECO • Progressive • NAMIC

MEMORANDUM

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Michael Gunning
Senior Legislative Advocate

Michael Paiva
Senior Legislative Advocate

Jerry Davies
Director of Communications

Date: April 14, 2005

To: The Honorable Juan Vargas, Chair
Members, Assembly Insurance Committee

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

RE: AB 1122 (Wyland): Auto Insurance: Cost Estimate
As Amended April 6, 2005
Assembly Insurance Committee Hearing: April 20, 2005
PIFC Position: Support

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, **supports AB 1122** authored by Assembly Member Wyland.

Under current law (AB 2677, Chapter 765, Statutes of 2004), insurers writing private passenger automobile insurance are required to maintain either a toll-free number or website where consumers can obtain a quote for a private passenger automobile policy.

One of PIFC's member companies, Farmers Insurance Group, discovered that one of the companies in their group, Maryland Casualty Company (MCC), is required to comply with this legislation despite the fact that they are not currently selling private passenger automobile insurance. MCC became part of the Farmers Insurance Group when Farmers merged with Zurich Financial Services in 1998.

Since that time, MCC has been in the process of moving its private passenger auto business into the Farmers Insurance Exchange, which insures automobiles written through Farmers agents. MCC policyholders who do not wish to purchase a Farmers auto insurance policy are free to find coverage from other insurers in the market. At the end of 2004, MCC had less than 30 private passenger auto policies in force. With this statute in place, MCC is required to provide contact information for consumers to obtain a quote for a private passenger auto policy despite the fact MCC is not currently offering these policies.

AB 1122 is a narrowly drafted measure seeking to clarify that an insurer who decides to stop selling private passenger auto insurance does not have to report the information required under AB 2677 to the California Department of Insurance.

For the reasons stated above, **PIFC supports AB 1122** by Assembly Member Wyland. If you have any questions, please contact Michael A. Gunning at (916) 442-6646 or via email at mgunning@pifc.org.

cc: James Anderson, Assembly Insurance Committee
Kevin Hanley, Assembly Republican Caucus
Richard Costigan, Legislative Secretary, Office of the Governor
Cynthia Bryant, Deputy Legislative Secretary, Office of the Governor
Scott Reid, Office of the Insurance Advisor

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