



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

MEMORANDUM

Date: April 21, 2003

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

From: Dan C. Dunmoyer, President
G. Diane Colborn, Vice President of Legislative & Regulatory Affairs
Michael A. Gunning, Senior Legislative Advocate

Re: AB 1181 (Ridley-Thomas): Automobile Insurance: Rating Information
Assembly Insurance Committee Hearing: April 23, 2003
PIFC Position: Oppose Unless Amended as Proposed

The Personal Insurance Federation of California, representing insurers who write nearly 35% of the auto insurance sold in the state, including State Farm, Farmers Insurance, 21st Century Insurance, SAFECO, and Progressive Insurance, opposes unless amended **Assembly Bill 1181** by Assemblymember Ridley-Thomas.

AB 1181, as proposed to be amended, requires that an automobile insurance declaration page disclose the rating information that was applied in determining the premium.

We applaud the goal of this important consumer information bill and understand the intent of the sponsor and the author. However, PIFC must oppose this bill because of three critical issues.

1. The bill is prescriptive in nature mandating where, what, and how information is provided to policyholders. Most automobile insurers already provide this information on their declarations page. Allowing flexibility in format and placement will allow insurers who are already providing clear and conspicuous disclosure to continue to do so while accomplishing the sponsor's goal of ensuring all policyholders have the information.
2. We would advocate that the primary factors required by California Insurance Code Section 1861.02 (a) (1-3) be listed -- years of driving experience, annual miles driven, and the driver's safety record. If you look closely at the list of ten items, a number of the factors can be combined. For example, items 1,2,3, and 4 can be collapsed into the driver's safety record. Items 5 and 8 are included under miles driven annually. Number 6 is years of driving experience.
3. It is unclear whether the bill contemplates disclosure of rating factor information for every household driver whether or not their information is used to rate the policy.

AB 1181 would create an over burdensome approach for disclosing the rating factors used to determine a consumers insurance rate and would increase the cost of automobile insurance.

We are looking forward to working with the California Department of Insurance to determine some guidelines of disclosure that are acceptable. We think universal disclosure of the rating factors can be accomplished while accommodating the current practices of the many insurers who are voluntarily providing clear and conspicuous disclosures to their policyholders.

For all these reasons, **PIFC must oppose unless amended AB 1181 and urges a “no” vote** on the bill when it is heard in committee. Thank you for your consideration of our views. If you have any questions regarding PIFC position, please do not hesitate to contact Michael A. Gunning at (916) 442-6646.

cc: Assembly member Ridley-Thomas, Author
Ann Richardson, Deputy Legislative Secretary, Governor's Office
Christine Ebbink, Assembly Insurance Committee
Kevin Hanley, Assembly Republican Caucus
Ted Angelo, California Department of Insurance