



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

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Dan Dunmoyer
President

Diane Colborn
*Vice President of Legislative
& Regulatory Affairs*

Michael Gunning
Senior Legislative Advocate

Michael Paiva
Senior Legislative Advocate

Jerry Davies
Director of Communications

Date: August 20, 2004

To: The Honorable Jackie Speier, Chair,
Members, Senate Insurance Committee

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

RE: AB 1227 (McCarthy): Insurance fraud: investigative units
Senate Insurance Committee Hearing: August 23, 2004
PIFC Position: Support Amended August 19, 2004

The Personal Insurance Federation of California, representing insurers who write over 50% of the personal lines insurance policies sold in California, including State Farm, Farmers, SAFECO, 21st Century Insurance Group, and Progressive Insurance Company, **supports AB 1227** by Assemblyman McCarthy.

AB 1227 will give the Department of Insurance (CDI) statutory authority to impose reasonable and defined penalties on companies that fail to comply with the Special Investigations Unit (SIU) regulations. AB 1227 will also allow for greater flexibility in assessing more reasonable (rather than excessive) range of sanctions against those insurers who do not maintain a SIU to identify and investigate incidents of suspected insurance fraud. PIFC and its member companies have a long history of support for identification and investigation of fraud. Since the Bureau of State Audits criticism of the current statutory scheme, PIFC has been working with the CDI to craft penalty regulations.

For all these reasons, **PIFC supports AB 1227 and urges an "aye" vote** on the bill when it is heard in committee. Thank you for your consideration of our views. If you have any questions regarding this position, please do not hesitate to contact Michael A. Gunning at (916) 442-6646.

cc: Honorable Kevin McCarthy, Author
Richard Costigan, Legislative Secretary, Office of the Governor
Cynthia Bryant, Office of the Governor
Brain Perkins, Senate Insurance Committee
Tim Conaghan, Senate Republican Caucus
Senate Floor Analyses
Scott Reid, Office of the Governor