



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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Date: June 27, 2003

To: The Honorable Martha Escutia, Chair
Members, Senate Judiciary Committee

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

Re: AB 1302 (Simitian): Vehicles: Traffic violations: Confidentiality
Senate Judiciary Committee Hearing: July 1, 2003
PIFIC Position: **Oppose**

The Personal Insurance Federation of California, representing insurers who write nearly 35% of the auto insurance policies sold in California, **opposes AB 1302** by Assembly Member Simitian.

AB 1302 requires the DMV to keep confidential any traffic conviction that has occurred in another American state, possession, or territory, or the District of Columbia, Puerto Rico, or Canada, if the violator completes a course at a licensed Traffic Violator School (TVS) or a court-supervised program of traffic safety instruction. The bill also requires that a violator seeking confidentiality may not, within the prior 18 months, have attended TVS or any other court-supervised program of traffic safety instruction, either in California or in one of the above-noted jurisdictions, in lieu of adjudication of a traffic violation.

This ability to "mask" driving violations creates distortion and inequities in the rating of automobile insurance. Access to accurate and complete information relevant to insurance risks is essential for effective insurance underwriting. Accurate rating of both residual and voluntary market business is not possible without the information contained in motor vehicle records. Masking of information in motor vehicle records diminishes the value of the records and either directly or indirectly results in increased premium costs to drivers, especially those with good driving records. In effect, masking results in good drivers subsidizing bad drivers who have had their traffic violations concealed through attendance at traffic violator school. If there was evidence that attendance at traffic violator schools resulted in safer drivers there might be some arguable merit to this system. However, the evidence as documented in previous DMV studies shows that persons who have their records masked through attending traffic violator schools are actually worse drivers, and are more likely to be at fault in a subsequent accidents, and to receive additional citations, than are persons who do not attend traffic school.

Moreover, in California Proposition 103 requires that the number one priority factor in calculating rates shall be the driving records of the insured, as determined by the number of at-fault accidents and traffic citations. A good driver is defined as someone who has not received more than one violation point count against his or her driving record within the

previous three years. The current system of allowing drivers to mask traffic violations through attendance at traffic violator schools is inconsistent with the intent of Proposition 103, in that it allows persons who fail to meet the definition of a “good driver” under Proposition 103 to still qualify for a good driver discount by concealing their true driving record. AB 1302 would expand the ability to mask traffic convictions occurring in other areas of the United States. This is inconsistent with the intent of Proposition 103.

For the above stated reasons, PIFC urges your **no vote on AB 1302** when it is heard in committee. If you have any questions regarding our opposition, please feel free to call Michael A. Gunning at (916) 442-6646.

cc: Honorable Joseph Simitian, Author
Ann Richardson, Office of the Governor
Richard Figueroa, Office of the Governor
Senate Judiciary Committee
Senate Republican Caucus
Senate Floor Analyses