



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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Director of Communications

Date: June 22, 2005

To: The Honorable Jackie Speier, Chair
Members, Senate Banking, Finance and 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 1640 (Saldaña): Insurance Claims Information
Amended May 2, 2005
Senate Banking, Finance and Insurance Committee: June 29, 2005
PIFC Position: Neutral with Concerns

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, is **neutral with concerns about AB 1640 (Saldaña)**.

As presently drafted, AB 1640 requires each homeowners insurer, when acknowledging receipt of a claim, to notify the claimant that it reports claims history or loss experience to third-party databases, along with information on how the claimant can contact the database. PIFC is not opposed to this measure as presently drafted.

The author has additionally indicated a desire to ensure the foregoing disclosure be given prior to a claims situation. Specifically, the author has discussed the possibility of requiring the disclosure on an insurer's policy declarations page. PIFC has no objection to the concept of such a pre-claim disclosure; however, we would oppose an effort to add language to the declarations page because it is already tightly crowded with required disclosures.

We urge Committee members to accept an alternative which would add the present AB 1640 disclosure to the "California Residential Property Insurance Bill of Rights." Insurance Code Section 10103.5 (Alpert, SB 1855 (2004)) already requires insurers, at policy issuance and every other year, to provide insureds with a listing of their rights under a homeowners insurance policy. Among other things, the bill of rights includes various rights a consumer has in the event of a claim. This bill of rights (and not the declarations page) would be an appropriate, and meaningful, place for an insurer to disclose its use of a third-party claims database.

In addition, AB 1640 presently uses the term “claims information database” to refer to third-party databases. This term is not defined in the Insurance Code. We request that the widely-accepted term of “insurance support organization” be used instead.

With the above amendments, PIFC would remain neutral on AB 1640. If you have any questions, please contact Rex D. Frazier at (916) 442-6646.

cc: Assembly Member Lori Saldaña, Author
Erin Ryan, Senate Banking, Finance and Insurance Committee
Tim Conaghan, Senate Republican Caucus
Cynthia Bryant, Deputy Legislative Secretary for the Governor
Scott Reid, Office of the Insurance Advisor
Senate Floor Analyses

4.AB1640-SBFI