



# 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

## STAFF

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## FLOOR ALERT

**Date:** September 9, 2003

**To:** Members of the California State Senate

**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 1764 (Assembly Committee on Budget) -- September 8, 2003.  
Senate Third Reading  
PIFIC Position: **Oppose**

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The Personal Insurance Federation of California, representing insurers who write over 45% of the homeowners' insurance policies sold in California, **opposes AB 1764** by the Assembly Committee on Budget and Fiscal Review.

AB 1764, as amended on September 8, 2003, proposes to support the California Seismic Safety Commission by creating a new Seismic Safety Account within the Insurance Fund. This special account would be funded by assessments imposed on commercial and residential insurance policyholders.

PIFIC is opposed to the efforts undertaken by the Governor to transfer the costs of the California Seismic Safety Commission from the General Fund to the Insurance Fund by placing assessments on commercial and residential policyholders. It is our opinion that this assessment on California policyholders constitutes an illegal, unfair tax. There is no direct regulatory benefit nor does this seem to be a "Sinclair-type" fee. Instead, we believe that the funding for the Seismic Safety Commission should come from the funds available in California Residential Earthquake Recovery Fund (CRERF). CRERF was originally created as an earthquake fund intended to pay first dollar coverage for an earthquake. It was bankrupt on the day it was enacted. The funds left over from CRERF were designated to be used to mitigate the loss of earthquakes. This purpose is consistent with the purpose of the Seismic Safety Commission which is also to reduce earthquake risk.

For the above stated reasons, **PIFIC urges your no vote on AB 1764**. If you have any questions regarding our opposition, please feel free to call Michael A. Gunning at (916) 442-6646.

cc: Assembly Committee on Budget  
Ann Richardson, Office of the Governor  
Richard Figueroa, Office of the Governor  
Assembly Republican Fiscal Committee  
Mike Genest, Senate Republican Caucus  
Senate Floor Analyses