



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

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MEMORANDUM

Date: June 17, 2004

To: The Honorable Edward Vincent, Chair
Members, Senate Governmental Organization Committee

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

Re: AB 1829 (Liu): Public Contracts
Senate Governmental Organization Committee: June 22, 2004
PIFIC Position: Oppose

The Personal Insurance Federation of California (PIFIC), representing insurers who write over 50% of the personal lines insurance sold in California, **opposes AB 1829 by Assembly Member Liu.** AB 1829 would prohibit state or local agencies from contracting for services with any individual or entity that employs persons or contractors outside of the United States and would require contractors to certify under penalty of perjury that the contract will be performed solely with workers in the United States.

PIFIC opposes AB 1829 and other similar bills that attempt to prohibit or restrict so-called global outsourcing. Such bills, if enacted, would have negative effects on California's economy and could have many unintended consequences due to the complexities of global trade and commerce. Among other things, such restrictions on global outsourcing:

- Ignore the benefits of international trade to California and the insourcing of jobs into California that result from the state's relationships with foreign trade partners.
- Could result in retaliation against California by other countries.
- Will increase costs to state government, taxpayers and insurance policyholders by preventing the state from selecting the lowest bidder. The bill would increase costs to the state at a time when the state is facing a substantial budget deficit that may require the cutting of essential services.

For these and other reasons, **PIFIC opposes AB 1829 and urges a no vote** when this bill is heard in committee. If you have any questions, please contact Diane Colborn at (916) 442-6646.

cc: Assembly Member Liu, Author
Steve Hardy, Senate Governmental Organization Committee
Richard Paul, Senate Republican Caucus
Senate Floor Analyses
Cynthia Bryant, Office of the Governor
Scott Reid, Office of the Insurance Advisor