



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: March 18, 2004

To: The Honorable Juan Vargas, Chair
Members, Assembly Insurance Committee

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

Re: AB 1953 (Vargas): Public Insurance Adjusters
Assembly Insurance Committee Hearing: March 24, 2004
PIFC Position: Support as Proposed to be Amended

The Personal Insurance Federation of California, representing insurers who write over 45% of the homeowners insurance sold in California, **supports AB 1953** by Assembly Member Vargas. AB 1953 would protect homeowners who have suffered a loss, including those who are victims of disasters such as the southern California wildfires, from being victimized a second time by individuals who seek to profit off of their misfortune.

Specifically, AB 1953 would increase the penalties for acting as a public adjuster without a license; would prohibit a public adjuster or any other person offering services for a fee from soliciting a policyholder between the hours of 6pm and 8am; would require disclosure of the percentage of the insured's claim or other fee that would be charged for the public adjuster's services; and would prohibit a public adjuster from soliciting a contract with a homeowner until seven days have elapsed after the occurrence of a disaster.

In the vast majority of cases, policyholders can reach favorable settlement of their claims by dealing directly with their insurance company and the insurance company's adjuster. In that case, the fee paid to a public adjuster to act as an intermediary is simply a reduction in the loss recovery received by the policyholder. Some unscrupulous adjusters attempt to contact the homeowner immediately after an event, before they have even had a chance to talk with their insurance representative, and also fail to disclose to the homeowner the fee that the policyholder will be charged, or that the fee will simply reduce the recovery received by the policy holder.

AB 1953 will provide a degree of protection to homeowners by requiring that a minimum of seven days have passed after a disaster before they are solicited, and by requiring disclosure of the fees charged. For these reasons, **PIFC supports AB 1953 and urges your yes vote.** If you have any questions, please contact Diane Colborn at (916) 442-6646.

cc: Cynthia Bryant, Office of the Governor
Annabelle Chang, Assembly Insurance Committee
Kevin Hanley, Assembly Republican Caucus