



# 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

STAFF  
Dan Dunmoyer  
*President*  
Rex D. Frazier  
*Vice President & General Counsel*  
Michael Gunning  
*Senior Legislative Advocate*  
Michael Paiva  
*Senior Legislative Advocate*  
Jerry Davies  
*Director of Communications*

Date: April 21, 2005

To: The Honorable Juan Vargas, Chair  
Members, Assembly 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 778 (Mullin): Auto insurance: In Home Supportive Services  
Assembly Insurance Committee Hearing: April 27, 2005  
**PIFC Position: Oppose unless amended**

---

The Personal Insurance Federation of California, representing insurers who write over 45% of the auto insurance sold in the state, including State Farm, Farmers, SAFECO, 21<sup>st</sup> Century Insurance Group, Progressive Insurance Company and NAMIC, is **oppose unless amended to AB 778** by Assembly Member Mullin.

AB 778 would prohibit an auto liability policy from containing any provision that excludes from coverage the operation or use of an insured motor vehicle by the named insured in the performance of any in-home supportive services.

As required by Proposition 103, insurance companies are required to determine premium rates based upon three key factors; the insureds driving safety record, number of miles driven annually, and years of driving experience. AB 778 could prevent PIFC member companies from rating our insureds, as required under Proposition 103, by not allowing us to consider the correct number of miles driven annually.

PIFC suggests that the author specifically define what are "in-home supportive services." California law describes supportive services, but there is still a question of whether the bill applies to persons providing supportive services to a resident relative, providing commercial service as part of their employment or to either. Better clarification of this

distinction would help insurers better understand how the bill would affect current practices. PIFC has additional concerns about the bill regarding the expanded liability to our insureds. There is potential for great liability if this type of vehicle use is not rated for under a policy. Does it apply to commercial policies, private passenger auto policies or both? Presumably this applies to private passenger auto, and it would make more sense if the bill's language were limited to providing these services to immediate family members.

For all of these reasons, **PIFC is oppose unless amended to AB 778** and urges a no vote on the bill when it is heard in committee. If you have any additional questions regarding our position, please do not hesitate to contact Michael A. Gunning at (916) 442-6646.

cc: Honorable Gene Mullin, Author  
Christine Ebbink, Assembly Insurance Committee  
Kevin Hanley, Assembly Republican Caucus  
Richard Costigan, Legislative Secretary for the Governor  
Cynthia Bryant, Deputy Legislative Secretary for the Governor  
Scott Reid, Office of the Insurance Advisor

1.PIFCPosLtr05