



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

Dan Dunmoyer
President

Diane Colborn
Vice President of Legislative
& Regulatory Affairs

Michael Gunning
Senior Legislative Advocate

Jerry Davies
Director of Communications

MEMORANDUM

Date: March 29, 2004

To: The Honorable John Dutra, Chair
Members, Assembly Budget Subcommittee No. 4

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

Re: Budget Item 8690 – Seismic Safety Commission
Assembly Budget Subcommittee No. 4 Hearing: March 30, 2004
PIFIC Position: **Oppose Funding**

The Personal Insurance Federation of California, representing insurers who write over 40% of the homeowners' insurance policies sold in California, **opposes the funding of the Seismic Safety Commission from the Insurance Fund.**

PIFIC is opposed to funding the California Seismic Safety Commission from the Insurance Fund. The placement of assessments on one class of California consumers and businesses is unfair. While it can be argued that both commercial and residential property owners benefit from the activities of the Commission, it is also true that other commercial interests and private entities along with schools, hospitals, and state buildings benefit from the activities of the Seismic Safety Commission. These essential facilities are required by law to meet seismic safety standards which are in part developed by this Commission. This is why in previous years this Commission has been funded by the General Fund. It is our opinion that assessing insurers and then allowing them to pass the cost on to earthquake policyholders constitutes an illegal, unfair tax on one group of Californian taxpayers. There is no direct regulatory benefit nor does this seem to be a "Sinclair-type" fee.

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

cc: Cynthia Bryant, Office of the Governor
Paul Deiro, Assembly Republican Fiscal Committee