



# 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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September 12, 2003

Honorable Gray Davis, Governor  
State of California  
State Capitol, Governor's Office  
Sacramento, CA 95814

**Re: Veto Request on SB 1049 (Comm. on Budget and Fiscal Review)**

Dear Governor Davis:

The Personal Insurance Federation of California, representing insurers who write over 45% of the homeowners' insurance policies sold in California, opposes SB 1049 (Committee on Budget and Fiscal Review) and respectfully requests your veto of this measure.

SB 1049 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.

PIFC is opposed to the effort 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 assessing insurers a fee that is passed on to California policyholders constitutes an illegal, unfair tax on a particular group of people in California – those that purchase insurance. 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, **PIFC urges your veto of SB 1049.** If you have any questions regarding our opposition, please feel free to call Michael A. Gunning at (916) 442-6646.

Sincerely,

Dan C. Dunmoyer  
President

Michael A. Gunning  
Senior Legislative Advocate

cc: Lynn Schenk, Chief of Staff  
Linda Adams, Legislative Affairs Secretary  
Ann Richardson, Deputy Legislative Secretary  
Richard Figueroa, Deputy Legislative Secretary  
Senate Committee on Budget and Fiscal Review