



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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Diane Colborn
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& Regulatory Affairs*

Michael Gunning
Senior Legislative Advocate

Michael Paiva
Senior Legislative Advocate

Jerry Davies
Director of Communications

Date: June 15, 2004

To: The Honorable Kevin Murraray, Chair
Members, Senate Transportation Committee

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

Re: SB 1160 (Cedillo): Vehicles: Driver's License
Senate Transportation Committee Hearing: June 15, 2004
PIFC Position: Support

The Personal Insurance Federation of California (PIFC), representing insurers who write approximately 46% of all private passenger automobile insurance sold in California, **supports SB 1160** authored by Senator Cedillo. This bill would make several changes regarding the eligibility requirements for an original driver's license.

PIFC and its member companies have a long history of support for sound public safety measures that serve to reduce injuries and enhance public safety. Current law prevents many immigrants from receiving the proper training and testing to be safe, licensed, and insured drivers. PIFC supports SB 1160 because it would help make California roads safer by allowing all California drivers to obtain drivers' licenses on the basis of ability to pass the certification requirements of the Department of Motor Vehicles.

The California Highway Patrol estimates that there are more than 30 million vehicles on the streets of California. According to data from the California Department of Insurance, 25 percent or 7.5 million drivers in California do not have automobile insurance. SB 1160 would allow an estimated two million eligible drivers to obtain a driver's license. In parts of Los Angeles County, the uninsured motorist rate is as high as 75 percent. In parts of Orange County, the uninsured motorist rate is as high as 67 percent. Licensing two million drivers who have not been licensed before will make the state's roads safer, potentially impacting auto insurance rates.

The state requires every driver of a vehicle to have automobile insurance. Many insured drivers purchase optional uninsured motorist coverage for protection against the large number of drivers who by law are currently excluded from purchasing auto insurance. Drivers with insurance purchase uninsured motorists coverage to protect themselves from being injured or suffering property damage after being involved in an accident with an at-fault uninsured motorist. When an uninsured driver is involved in an at-fault accident, it only adds to the costs of auto insurance which every insured driver has to eventually pay for, thus driving up the rates for all insured drivers. When uninsured motorist coverage is not utilized, a county or the state may end up paying major medical

bills and property damage for uninsured drivers and passengers. Ensuring that all California drivers have vehicle liability insurance coverage will reduce insurance costs for all motorists.

California issues driving licenses to ensure that drivers have a demonstrated basic understanding and necessary competence of the rules of the road, both for their safety and for the safety of other drivers. For 65 years until 1994, California licensed all drivers that met these requirements without regard to immigration status. PIFC supports SB 1160 for these pertinent reasons:

- Trained, tested, and insured drivers enhance public safety for everyone. By allowing all California residents to apply for a driver's license and learn the rules of the road, SB 1160 will improve highway safety and protect the lives of all Californians.
- Ensuring all California drivers have access to auto insurance will help reduce costs for all motorists. Unlicensed drivers are unable to obtain auto insurance and are more likely to pass the costs associated with an accident on to insured drivers, driving up insurance costs.

For these reasons, **PIFC supports SB 1160 and urges your aye vote.** Thank you for consideration of our views. If you have any questions regarding PIFC's position, please do not hesitate to contact Michael A. Gunning at 916-442-6646.

cc: Senator Cedillo, Author
Randall Henry, Senate Transportation Committee
Richard Costigan, Legislative Secretary
Karen Pank, Deputy Legislative Secretary
Scott Reid, Office of the Insurance Advisor