



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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MEMORANDUM

Date: May 25, 2004

To: The Honorable Ellen Corbett, Chair
Members, Assembly Judiciary Committee

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

RE: SB 1368 (Ortiz): Substantive Service of Process
Assembly Judiciary Committee Hearing: June 1, 2004
PIFC Position: Oppose

The Personal Insurance Federation of California, representing insurers who write over 50% of all personal lines insurance sold in the state **opposes SB 1368 by Senator Ortiz**. SB 1368 would require insurers to accept substitute service of process of summons and complaints against their policyholders, and to request authorization from the policyholder to accept service of process on their behalf.

SB 1368 would impose new requirements on insurers that are costly, unnecessary, and contrary to the interests of their policyholders. The insurance company's contractual obligation is to indemnify the policyholder for losses incurred, and in some cases to pay for the costs of their defense if they are sued. The insurance company's obligation in this case is to their insured, and not to a third party who is trying to sue them. SB 1368 imposes new and costly obligations on insurers and could create an adversarial relationship between insurer and insured.

SB 1368 is unnecessary as other alternative substitute forms of service of process are already available and allowed under the law. These include mailing a summons and complaint to the individual, or service by publication in a local newspaper if the person's address is unknown.

SB 1368 would violate the policyholder's right to privacy by requiring insurers to disclose their policyholder's address to a person trying to sue them. The Insurance Code and other privacy laws restrict the disclosure of personally identifying information, including address and phone number. This requirement could potentially allow stalkers to obtain information regarding where the policyholder lives. Although the bill says that these requirements apply only where the insurer has "accepted coverage," it is not at all clear what this means.

For all these reasons, **PIFC is opposed to SB 1368 and urges a no vote on this bill**. Thank you for your consideration of our views. If you have any questions regarding this position, please do not hesitate to contact Diane Colborn at (916) 442-6646.

cc: Senator Ortiz, Author
Leora Gershenzon, Assembly Judiciary Committee
Mark Redmond, Assembly Republican Caucus
Cynthia Bryant, Office of the Governor
Scott Reid, Office of the Insurance Advisor