



# 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 14, 2004

**To:** Honorable Deirdre Alpert, Chair  
Members, Senate Appropriations Committee

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

**RE:** SB 1492 (Dunn): Employment: Confidential Information  
Senate Appropriations Committee: May 17, 2004  
**PIFC Position: Oppose As Amended May 11, 2004**

The Personal Insurance Federation of California, representing insurers who write nearly 45% of the personal insurance policies sold in California, including State Farm, Farmers, SAFECO, 21st Century Insurance Group, and Progressive Insurance Company, **opposes SB 1492** by Senator Dunn. SB 1492 with limited exceptions prohibits the performance of any "work" involving information that is "private" or "essential to California's homeland security" at a worksite outside the United States.

PIFC opposes SB 1492 because it is overly broad, contains undefined and ambiguous terms, and would prevent the performance of many different types of routine contracts. The term "work" is undefined in the bill. Presumably it would include such things as processing of loans, debt collection, underwriting insurance, claims processing, credit analysis, and all types of data processing services. The phrase "essential to homeland security" is also very broadly defined and includes financial services, which includes banking, insurance, and investment services.

SB 1492 is likely unconstitutional, violates the Foreign Commerce Clause, violates international agreements, and certainly impairs contracts. For all these reasons, **PIFC opposes SB 1492 and urges a "no" vote on this measure** when it is heard in committee. If you have any questions, please contact Diane Colborn at (916) 442-6646.

cc: Senator Dunn, Author  
Senate Appropriations Committee  
Eric Swanson, Senate Republican Caucus  
Cynthia Bryant, Office of the Governor  
Scott Reid, Office of the Insurance Advisor