



# 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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## FLOOR ALERT

**Date:** August 19, 2004  
**To:** Members, California State Assembly  
**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 185 (Sher): Section 17200/Private Enforcement Actions  
Location: Assembly  
**PIFC Position: Oppose as Proposed to be Amended**

The Personal Insurance Federation of California, representing insurers who write over 50% of the personal lines insurance sold in California, **opposes SB 185** by Senator Sher as proposed to be amended. The proposed amendments to this measure are a “gut and amend” that completely rewrite the bill. The new amendments have not been heard in a policy committee. PIFC opposes the amendments coming this late in the Session as an abuse of the legislative process. PIFC also opposes the amendments because they are being characterized by the sponsors as substantive reform, when they actually fall far short of addressing the real problems with Section 17200 that have led to abuse of the statute.

Legislation with language very similar to the proposed amendments to SB 185 was defeated by this Legislature last year in SB 122 (Escutia). One of the key problems with Section 17200 has been frivolous shakedown lawsuits. Court review of proposed agreements will not solve the problem of coercive settlements, since once a settlement agreement has been reached, both sides will want the agreement in order to avoid the expense and risk of trial. The greater problem is that the defendant is subjected to such a Hobson’s choice in the first place in cases where there has been no actual harm to an actual plaintiff.

Clearly, substantive reform of Section 17200 is needed. True reform would address such issues as standing, actual harm, and res judicata. SB 185, as proposed to be amended, does not address these core issues. For these reasons, **PIFC opposes SB 185 and recommends a no vote.** If you have any questions, please contact Diane Colborn at (916) 442-6646.

cc: Senator Sher, Author  
Assembly Judiciary Committee  
Assembly Republican Caucus  
Cynthia Bryant, Office of the Governor  
Scott Reid, Office of the Insurance Advisor