



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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Date: August 27, 2004

To: Members, Assembly Judiciary Committee
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
Assembly Judiciary Committee Hearing/ Assembly Floor
PIFC Position: Oppose Amended August 26, 2004

The Personal Insurance Federation of California representing insurers who write over 50% of the personal lines insurance sold in California, continues to **oppose SB 185** as amended on August 26, 2004. SB 185 was substantially amended just yesterday to make substantive changes to the Unfair Competition Law, Business and Professions Code Section 17200. These latest amendments have not previously been heard in a policy committee. The last day of the legislative session is not the time to rush through amendments on such an important issue.

While these latest amendments purport to add a new standing requirement, unfortunately this amendment is too little too late. The injury in fact standing requirement is limited in application to cases seeking restitution only, and would not apply to cases seeking an injunction and attorneys fees. This requirement will not stop the filing and settlement of shakedown lawsuits brought for the purpose of extorting attorneys' fees.

This standing provision is further weakened by the fact that the bill would exempt any nonprofit organization from its requirements. This is a giant loophole since it is unfortunately all too easy for bounty hunter law firms to set up a sham nonprofit group to serve as the named plaintiff. In fact, it was revealed in the investigation of the Trevor Law Firm that the group which served as the plaintiff for the Trevor lawsuits, "Consumer Enforcement Watch," was a sham organization. While it appears that this group may not have been properly incorporated it easily could have been for purposes of getting around the standing requirement.

For all the reasons stated, **PIFC opposes SB 185 and urges a no vote.** If you have any questions regarding our position, please contact Diane Colborn at (916) 442-6646.

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