



# 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 • NAMIC

## FLOOR ALERT

### STAFF

Dan Dunmoyer  
*President*

Rex D. Frazier  
*Vice President &  
General Counsel*

Michael Gunning  
*Senior Legislative Advocate*

Michael Paiva  
*Senior Legislative Advocate*

Jerry Davies  
*Director of Communications*

**Date:** May 13, 2005

**To:** Members of the California State Senate

**From:** Dan C. Dunmoyer, President  
Rex D. Frazier, Vice President & General Counsel  
Michael A. Gunning, Senior Legislative Advocate  
Michael A. Paiva, Senior Legislative Advocate

**Re:** SB 20 (Escutia): Low-Cost Automobile Insurance  
As Amended April 18, 2005  
Senate Third Reading File  
**PIFIC Position: Oppose Unless Amended**

The Personal Insurance Federation of California (PIFIC), representing insurers who write over 45% of all private passenger automobile insurance sold in California, including State Farm, Farmers, Safeco, 21st Century, Progressive, and NAMIC, is **opposed unless amended to SB 20** authored by Senator Escutia.

Although the bill has been amended to sunset the program in 2012, PIFIC member companies strongly believe the Low-Cost Automobile Insurance Program (LCA) should have a shorter sunset date of January 1, 2010.

It is important to PIFIC member companies that the rates of the LCA policy be actuarially sound so that there is no subsidy of the program by other good drivers in the regular market. We believe the amendments to the existing program create ambiguities, which if misinterpreted, could potentially weaken the program's previous requirement for the actuarial soundness. We do not believe it is the intent of the Commissioner to have low-income drivers subsidize other low-income drivers in neighboring counties

For the reason stated above, PIFIC respectfully **opposes SB 20 unless it is amended and requests your no vote on this measure**. If you have any questions regarding our opposition, please call Michael A. Gunning at (916) 442-6646.

cc: Senator Martha Escutia, Author  
Brian Perkins, Senate Insurance Committee  
Tim Conaghan, Senate Republican Caucus  
Cynthia Bryant, Deputy Legislative Secretary for the Governor  
Scott Reid, Office of the Insurance Advisor  
Senate Floor Analyses

4.SB20-SFlr