



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 5, 2005

To: Members, California State Assembly

From: Dan C. Dunmoyer, President
Rex D. Frazier, Vice President of Legislative and Regulatory Affairs
Michael A. Gunning, Senior Legislative Advocate
Michael A. Paiva, Senior Legislative Advocate

RE: SB 815 (Ortiz): Substantive Service of Process
As Amended July 11, 2005
Assembly Third Reading
PIFC Position: Oppose

The Personal Insurance Federation of California, representing insurers who write over 50% of all personal lines insurance sold in the state, including Farmers, State Farm, Safeco, 21st Century, Progressive, and NAMIC, **opposes SB 815 by Senator Ortiz.**

SB 815 would require insurers to accept substitute service of process in lawsuits filed against their policyholders. This requirement would impose new and costly obligations on insurers and could create an adversarial relationship between the insurer and the insured. In addition, the bill is unnecessary given the fact that other alternatives exist to serve process.

It is not the role of the insurer, under any circumstance, to accept and/or serve process on a policyholder. The insurance company's contractual obligation is to indemnify the policyholder for losses incurred under the policy, and in some cases to pay defense costs incurred by the policyholder. The insurance company's obligation is to their insured, and not to a third party who is trying to sue the policyholder.

SB 815 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, and service by publication, if authorized by the Court.

For all these reasons, **PIFC is opposed to SB 815 and urges a no vote on this bill.** If you have any questions, please do not hesitate to contact Michael A. Paiva at (916) 442-6646.

cc: Senator Ortiz, Author
Mark Redmond, Assembly Republican Caucus
Kevin Baker, Assembly Judiciary Committee
Cynthia Bryant, Deputy Legislative Secretary for the Governor
Scott Reid, Office of the Insurance Advisor