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PERSONAL INSURANCE FEDERATION OF CALIFORNIA OPPOSES SENATE BILL 64 ON HOMEOWNERS INSURANCE

Sacramento, CA (April 2, 2003) – Diane Colborn, vice president of the Personal Insurance Federation of California (PIFC), told the California Senate Insurance Committee today that **SB 64** (Speier), if passed, would have the unintended effect of reducing the availability of homeowners insurance in the state.

“**SB 64** is a reaction to concerns regarding the availability and affordability of homeowners insurance,” Colborn explained, “but would severely restrict insurance companies’ ability to manage their book of business and underwrite homeowners insurance. It would prohibit insurers from utilizing traditional tools necessary to manage their exposure to loss and ensure their future financial stability.”

Colborn offered two reasons why **SB 64** will further tighten the already restricted homeowners insurance marketplace in California and negatively impact consumers.

- **SB 64** essentially requires insurers to accept all new homeowners insurance policy applications unless the property is “uninsurable,” even if an insurer does not have the capacity to insure all those new risks. This will create a huge disincentive for companies to enter or remain in the homeowners insurance market.
- **SB 64** also requires insurers to obtain written verification from the insured within 30 days of his/her intent to file a claim. This will cause the claims process to slow down to the detriment of consumers who expect quick responses when filing claims.

“**SB 64** is being proposed at a time when a number of companies are already exiting the state and have no incentive to invest capital in California in a line of business where they are not assured of obtaining either adequate rates or being able to utilize appropriate tools for managing their loss exposure,” Colborn concluded.