



## **INSURANCE TRADE ASSOCIATIONS FILE LAWSUIT CHALLENGING “ADVISORY NOTICE” ISSUED BY THE CALIFORNIA DEPARTMENT OF INSURANCE**

**IMMEDIATE**

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**SACRAMENTO, CA** (June 4, 2003) -- Three insurance trade associations today filed a lawsuit in Sacramento Superior Court challenging the legality of an “Advisory Notice” issued by the California Department of Insurance (CDI) on April 24, 2003 to all residential property insurers. The notice mandates new requirements on insurers that could ultimately increase the cost and reduce the availability of homeowners insurance in California.

The three trade associations -- the Personal Insurance Federation of California; the Association of California Insurance Companies and the American Insurance Association -- represent more than 70 percent of the homeowners insurance sold in California.

Gene Livingston, partner in the Livingston and Mattesich Law Corporation, filed a Petition for a Writ of Mandate and request for a stay order on behalf of the trade associations.

“This “Advisory Notice” is an underground regulation which ignores laws requiring public review and comment. This “Advisory Notice” will likely result in increased cost and decreased availability of insurance for California homeowners,” he continued.

Livingston outlined the lawsuit that he says challenges the “Advisory Notice” on two grounds:

- The Commissioner’s “Advisory Notice” was not enacted pursuant to the requirements of the Administrative Procedure Act (APA), thus making it an underground regulation which is illegal.
- The Commissioner has no statutory authority under the Insurance Code to enforce the provisions of the “Advisory Notice.”

“The trade associations are asking the court to set aside the “Advisory Notice” for the benefit of all insurance consumers in California,” Livingston concluded.