



INSURANCE TRADE ASSOCIATIONS PREVAIL IN LAWSUIT CHALLENGING “EMERGENCY REGULATION” ISSUED BY THE CALIFORNIA DEPARTMENT OF INSURANCE

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SACRAMENTO, CA (August 26, 2003) – Three insurance trade associations announced that yesterday the Sacramento Superior Court sustained their challenge to the legality of a homeowners insurance Emergency Regulation issued by the California Department of Insurance (CDI) to all residential property insurers in the state.

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 the Petition for Writ of Mandate on behalf of the trade associations noting that the regulation mandated new requirements on insurers that could ultimately increase the cost and reduce the availability of homeowners insurance in California. “The associations asked the court to invalidate the Emergency Regulation because the Commissioner lacks legal authority to restrict insurers’ choices about what risk to insure. The court agreed and granted the relief requested in the petition, which helps keep homeowners insurance available and affordable in California,” he concluded.

Jeanne Cain, vice-president of the American Insurance Association, Sam Sorich, president of the Association of Insurance Companies and Dan Dunmoyer, president of the Personal Insurance Federation of California said that “the ruling shows a recurring pattern by the Insurance Commissioner to promulgate excessive and unauthorized regulations. The California Department of Insurance Emergency Regulations cost insurers and their customers a significant amount of money and continue to create confusion and uncertainty in the marketplace.”