

August 30, 2005

To: Tom Tuttle
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**RE: COMMISSIONER GARAMENDI DEPLORES 'DEFRAUDING' BY
INSURANCE FIRMS August 29, 2005**

In a recent Oakland speech, Insurance Commissioner John Garamendi charged homeowners' insurers are 'defrauding' their customers by stating "it makes homeowners angry when they pay for something and get nothing in return."

Insurance companies cannot arbitrarily raise rates. The Commissioner should know that under California law insurers must justify each rate change by submitting detailed data to the California Department of Insurance (CDI) for approval.

Policyholders are non-renewed for reasons ranging from nonpayment of a premium to repairs or hazards not being remedied within a specified time—not because one claim has been submitted.

Insurers have paid out close to \$20 billion in insurance claims for disasters in California in the past decade. We're not sure what the Commissioner's reference point really is when he charges insurers with 'defrauding' customers?

Commissioner Garamendi, please stop the political rhetoric and fairly regulate the insurance industry under the laws you were elected to uphold.

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