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Buchanan Insurance Rate Transparency Bill Signed into Law by Governor Brown

SACRAMENTO – Assemblymember Joan Buchanan (D-Alamo) is pleased to announce that Governor Brown has signed Assembly Bill 2406 into law. The bill passed through both houses of the Legislature with unanimous support.

AB 2406 adds transparency to the insurance rate-setting process by requiring the Department of Insurance to publish information regarding intervenors on its website. California’s Proposition 103 established a process to allow for public participation in the rate-setting process for casualty and car insurance rates. This process allows third parties to intervene before the Insurance Commissioner in representation of consumers to assist the Commissioner in making rate-setting decisions.

An intervenor is eligible for advocacy and witness fees and expenses if it is able to establish that it represents the interests of consumers and made a “substantial contribution” to the proceedings. In 2011, more than $800,000 was paid for intervenor activities. These costs are paid by the insurance companies and passed along to the consumer in the form of higher rates.

“AB 2406 sheds light on the intervenor process and makes information available to the public during the two-year eligibility period,” stated Buchanan. “The bill ensures that information is available to the public regarding those intervenors authorized to represent the interests of the public in rate-setting proceedings.”

AB 2406 received the support of the insurance industry and Greenlining Institute, a consumer organization. The Governor signed the bill on July 13, 2012 and it will take effect on January 1, 2013.

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