



1918 UNIVERSITY AVENUE, 2ND FLOOR BERKELEY, CA 94704
PHONE: (510) 926-4000 FAX: (510) 926-4010 <http://www.greenlining.org>

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September 2, 2009

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Commissioner Steve Poizner
California Department of Insurance
300 Capitol Mall, Suite 1700
Sacramento, CA 95814
SENT VIA FAX AND USPS
Fax: 916-445-5280

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Search to Involve Pilipino-Americans
Southeast Asian Community Center
TELACU
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West Coast Black Publishers

Insurance Companies Shy Away, Utility Ratepayers Pay

Dear Commissioner Poizner,

We are writing you to ask for your immediate intervention in what appears to be a looming issue relating to insurance and energy. The state's insurers are cutting availability and increasing costs for fire-related insurance. Yesterday's Los Angeles Times featured an article on homeowners documenting this new policy.¹ The insurance industry admitted that the reason for this is the industry's fear of actually having to perform their basic function – providing protection.

After collecting billions of dollars in premiums every year from California's consumers, insurance companies are repaying customer loyalty by refusing to fulfill their fundamental job of providing insurance. Just when Californians need insurance the most, the industry is now citing the need for insurance as a reason to leave Californians high and dry. This is a perverse industry practice with far-reaching consequences that requires your immediate attention.

For example, just this week the state's three major investor owned energy utilities, which together serve nearly 70% of California's population, filed for a large rate increase with the Public Utilities Commission in order to cover the costs of wildfire claims their insurers now refuse to pay.³ In effect, the insurance industry is pushing the job of insurance onto California's utilities. Consequently, the utilities are now turning to ratepayers to cover this additional expense through rate increases.

Without some kind of authoritative action by your office, we are concerned that millions of California homeowners have to pay more for less because insurers are pulling away from our state. These same homeowners may now have to pay more for their power, because insurers are now declining to fulfill their basic function of providing insurance.

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Orson L. Aguilar, Executive Director
Samuel S. Kang, Managing Attorney
Braelan Murray, Media Director
Héctor J. Preciado, Health Policy Director
Danielle Trimiew, Academy Director
Chris Vaeth, Director of Special Projects

¹ Marc Lifsher. "California homeowners facing insurance rate hikes." Los Angeles Times 1 Sept. 2009. Available from: <http://www.latimes.com/business/la-fi-insure1-2009sep01.0,2144200.story>.

³ The application is available at <http://docs.cpuc.ca.gov/efile/A/106488.pdf>.

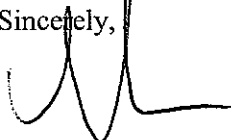
We are sure that you are aware that this year the wildfires have ravaged 133,000 acres of Southern California and threaten more than 10,000 homes. It is likely to get worse as the wildfire season continues.⁵ It is in times of crisis such as these when we need our insurance the most. However, insurers are responding by refusing to do what they are licensed to do by the Department of Insurance.

As California's Insurance Commissioner, California's homeowners, business owners, and ratepayers urge you to:

1. Immediately call an emergency hearing to help remediate the impact of the insurance industry's actions on utility ratepayers; and
2. Launch an investigation on whether insurance companies pulling out of insuring homes should be continued to be licensed by your office to provide any products or services in this state.

California's 26 million utility ratepayers look forward to your timely response to this urgent matter.

Sincerely,



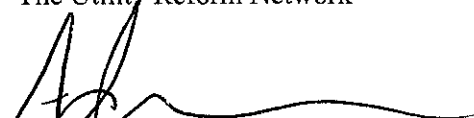
Orson Aguilar
Executive Director
The Greenlining Institute



Mark Toney
Executive Director
The Utility Reform Network



Michael Shames
Executive Director
Utility Consumers' Action Network



Richard Holober
Executive Director
Consumer Federation of California

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Chairman Felipe Fuentes, Assembly Committee on Utilities & Commerce
Chairman Alex Padilla, Senate Committee on Energy, Utilities & Communications
Assemblyman Dave Jones
Assemblyman Hector De La Torre

⁵ See <http://www.ksby.com/Global/story.asp?S=11030710>.