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March 13, 2013

The Honorable Henry Perea, Chair, Committee on Insurance
California State Assembly
P.O. Box 942849, Room 3120
Sacramento, CA 94249

RE: AB 862 (Wieckowski) – SUPPORT

Dear Assemblyman Perea,

United Policyholders writes in support of AB 862 (Wieckowski). This bill will allow California auto insurance companies to offer consumers the option of increasing their protection against underinsured drivers by buying “non-offset” Uninsured/Underinsured Motorist (UM/UIM) coverage.

It is an unfortunate reality that despite our mandatory minimum personal injury protection auto insurance laws, many Californians drive with very low or no insurance. Yet, even a moderately severe accident today can result in very substantial expenses. As a result, many drivers now carry UM/UIM coverage to protect themselves and their loved ones in the event of an accident with an underinsured, uninsured or hit-and-run driver. The purpose of investing in paying for UM/UIM coverage is to have an additional source of funds to cover accident expenses.

However, in the current auto insurance marketplace, insurers are only permitted to sell UM/UIM policies that reduce or offset the policyholders’ coverage by the amount of an at-fault underinsured driver’s coverage. This bill will simply provide consumers who choose to buy UM/UIM coverage a better option. It will allow those who invest in protecting themselves by buying UM/UIM, and who want the full value of that investment, to buy their auto insurance from a company that offers a non-offset UM/UIM coverage option. This bill does not mandate that insurers sell such an option. It simply creates a freer market for auto insurers to compete in.

United Policyholders, (“UP”) is a non-profit 501(c) (3) organization founded in 1991 that is a voice and an information resource for insurance consumers in all 50 states. UP’s work is funded by donations and grants from individuals, businesses and foundations. UP participates in the proceedings of the National Association of Insurance Commissioners as an official consumer representative. Through a “Roadmap to Preparedness” program, UP does outreach and education to help consumers be insurance literate and make sound insurance decisions.

UM/UIM coverage is little understood by consumers - and so are offsets. This modest legislative reform is worthy of support. Thank you for your anticipated consideration of our support for this measure.

Sincerely,

Amy Bach, Executive Director

Board of Directors

Amy Bach
Executive Director

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