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STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105

RH05047244 January 16, 2007

INITIAL STATEMENT OF REASONS

Proposed Amendments to the CAARP Rules and Rates Manual

PURPOSE OF THE REGULATION

Pursuant to California Insurance Code Section 11620 California Insurance Commissioner Steve Poizner will hold a public hearing regarding the recommendation of the California Automobile Assigned Risk Plan ("CAARP" or "Plan") to amend the CAARP Rules and Rates Manual.

NECESSITY OF REGULATION

The proposed changes to Rules 24 and 55 would amend the accident provisions of the Rules and rates manual so that they comply with California Code of Regulations section 2632.13.

Rule 140 would be amended to provide rating procedures for any mobile equipment subject to auto insurance laws.

The private passenger rate schedule would be revised to eliminate the \$25/50 and \$30/60 uninsured limits and rates as those limits and rates are not available to private passenger risks.

IDENTIFICATION OF STUDIES

The proposed amendments rely upon the expertise and experience of CAARP's Advisory Committee. No data, studies, information or reports were submitted for this proceeding.

SPECIFIC ACTIONS, PROCEDURES, TECHNOLOGIES OR EQUIPMENT

Adoption of the proposed changes would not mandate the use of specific technologies or equipment.

REASONABLE ALTERNATIVES

The Commissioner invites public comments on the proposed changes and reasonable alternatives which would be as effective to carry out the proposed changes.

ECONOMIC IMPACT ON BUSINESS

The Commissioner has initially determined that the proposed changes will not have a significant adverse economic impact on businesses. The Commissioner invites interested parties to comment on whether the proposed changes will have a significant adverse economic impact on business.

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