

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

REG-2007-00032

June 20, 2008

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

There are no rating factors for Limousine-Seating Capacity in Excess of Eight for both intermediate and long distance. The proposed amendment to Rule 94 will adopt rating factors for the above mentioned risks. Also due to the change to the Manual, Bingo Busses are restricted to a 50 mile radius but the intermediate and long range distances remain in the rating manual. The proposed amendment will eliminate rating factors for intermediate and long distance in order to eliminate any confusion.

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.