

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** June 14, 2011  
**POSITION:** Neutral  
**SPONSOR:** California Life and Health Insurance Association

**BILL NUMBER:** SB 711  
**AUTHOR:** Senate Insurance

**BILL SUMMARY: Life and Health Insurance Guarantee Association Act**

This bill would extend the sunset date for bonds to be issued on behalf of the California Insurance Guarantee Association (CIGA) to provide funds for covered workers' compensation claims of insolvent insurers. This bill would also codify a section of existing law and delete an obsolete reference to Insurance Code.

**FISCAL SUMMARY**

The Department of Insurance indicates this bill would have no fiscal impact on its department.

**COMMENTS**

The Department of Finance is neutral on this bill because it would give the CIGA the option to refinance existing variable rate bonds (to the extent that higher interest rates can be avoided) at no additional cost to the state.

Existing law establishes the CIGA to pay covered claims of insolvent insurers through member fees paid by property, casualty, and workers' compensation insurers and through the issuance of California Economic Development Bank bonds.

This bill would extend, from January 1, 2013 to January 1, 2023, the time for the CIGA to issue those bonds.

Existing uncodified law also specifies that amendments made to the CIGA Act by Chapter 334 of the Statutes of 2010 do not apply to any member insurer that, prior to the effective date of those amendments, has been placed under an order of liquidation with a finding of insolvency.

This bill would codify that section of law.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2011-2012 FC	2012-2013 FC	2013-2014 FC	
0845/Insurance	SO	No		----- No/Minor Fiscal Impact -----			0217
<u>Fund Code</u> 0217	<u>Title</u> Insurance Fund						

Analyst/Principal (0221) John Fitzpatrick	Date	Assistant Program Budget Manager	Date
--	------	----------------------------------	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)