

California Department of Insurance

John Garamendi, Commissioner

News Release

FOR IMMEDIATE RELEASE:

October 9, 1991

CONTACT:

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FIRST INSURANCE COMPANY TO VOLUNTARILY COMPLY WITH PROPOSITION 103

NORCAL Mutual Agrees to 20 Percent Policyholder Refund Totalling \$19.9 Million

In the first action of its kind, NORCAL Mutual Insurance Company has agreed to voluntarily comply with the rollback provisions of Proposition 103 enacted by California voters nearly three years ago, and will return to policyholders a 20 percent rebate totalling \$19.9 million, announced Insurance Commissioner John Garamendi.

"NORCAL Mutual has wisely decided to fulfill the letter and spirit of Proposition 103, place the interests of its policyholders first, and put their rollback liability behind them," said Garamendi. "While NORCAL Mutual is a unique company with a specialized niche market, I hope their decision will serve as an example to other insurers that Proposition 103 can be fully, fairly and quickly implemented."

According to a stipulation between NORCAL Mutual and the Department of Insurance, the company will pay a refund of \$15,316,000 and an additional estimated \$4,558,972 in interest. The rebate is based on the company's 1989 total premiums of \$76,581,000, plus interest calculated at 10 percent since May 8, 1989 (the date the California Supreme Court upheld the legality of Proposition 103).

Refunds will be paid to policyholders of the company between November 8, 1988 and November 8, 1989. Current policyholders will receive four quarterly installment credits applied to their 1992 premium. If no longer insured by the company, policyholders will receive the entire refund by March 31, 1992.

The San Francisco-based mutual insurance company provides medical malpractice coverage to physicians and, as a mutual company, is owned by the doctors it insures. NORCAL Mutual has 9,000 policyholders in California.

August 15, Garamendi announced that Californians are owed a total of \$2.5 billion in Proposition 103 rebates. On Monday, October 7, Governor Wilson over-ruled his administration's prior rejection of Garamendi's new emergency regulations that trigger the rollbacks mandated by Proposition 103.

The Department of Insurance is now in the final stages of determining the rollback amounts each insurance company will be required to rebate their policyholders.

On October 16, Garamendi will announce the first of numerous individual company rollback amounts to be rebated to California policyholders.

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FOR IMMEDIATE RELEASE:

October 18, 1991

CONTACT:

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**MORE REBATES TO COME AS SECOND INSURER VOLUNTARILY
AGREES TO COMPLY WITH PROPOSITION 103**

Physicians Exchange To Refund Over \$30 Million To Policyholders

A second insurance company has agreed to pay their policyholders the rebates approved by voters almost three years ago, announced Insurance Commissioner John Garamendi today.

The Southern California Physicians Insurance Exchange (SCPIE) follows NORCAL Mutual in agreeing to voluntarily comply with the rollback provisions of Proposition 103. The agreement calls for the return of over \$30 million to approximately 14,000 policyholders.

"While some insurance companies have already threatened to waste yet more time and money fighting us in court, others are taking the high road to put the Proposition 103 rebates behind them and get on with the business of insurance," said Garamendi. "SCPIE and NORCAL have formally acknowledged their policyholders' rights to receive these rebates, and I hope that other insurance companies will see the wisdom of their approach."

According to the stipulation between SCPIE and the Department of Insurance, the company will refund the rollback amount of \$24,706,146, plus the current accrued interest of \$6,024,238 (through October 15). An initial \$20 million of the total will be paid to former policyholders and credited to current policyholders through the end of 1992. The full balance, including any additional interest that continues to accrue on the rollback amount, will be paid or credited to policyholders by the end of 1993.

The Southern California Physicians Insurance Exchange, based in Beverly Hills, provides medical malpractice insurance to 13,800 physicians. The exchange is owned by the doctors it insures.

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On August 15, Garamendi announced that Californians are owed a total of \$2.5 billion in Proposition 103 rebates. On Monday, October 7, Governor Wilson overruled his administration's prior rejection of Garamendi's new emergency regulations that trigger the rollbacks mandated by Proposition 103. On October 16, Garamendi announced the first wave of individual company rollback amounts to be rebated to California policyholders. Fourteen insurance companies were ordered to pay their policyholders a total of \$1.5 billion. Garamendi has encouraged policyholders to contact their insurance companies to demand payment of the rebates they deserve.

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John Garamendi, Commissioner

News Release

FOR IMMEDIATE RELEASE:

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GARAMENDI ANNOUNCES PROP 103 REBATE OF ALMOST \$20 MILLION

The Doctors' Company To Write Checks, Give Credit to 9,500 Policyholders

A fourth insurance company has agreed to pay its policyholders the Proposition 103 rebates approved by voters over three years ago, Insurance Commissioner John Garamendi announced today.

The Doctors' Company follows two other medical malpractice insurance groups and the Automobile Club of Southern California in agreeing to voluntarily comply with the rollback provisions of Proposition 103. The agreement calls for the return of \$18.5 million to the company's 9,500 California physician members, a 19.24% rebate.

"I am pleased that The Doctors' Company has decided to fulfill the letter and the spirit of Proposition 103 by giving its policyholders the rebates they deserve," said Garamendi. "I hope their decision will serve as an example to other insurers that Proposition 103 can be fully, fairly, and quickly implemented."

According to the stipulation between the Doctors' Company and the Department of Insurance, the company will pay a refund of \$14,333,178 and an additional \$4,186,066 in accrued interest, for a total rollback obligation of \$18.5 million. The insurer will offer credit to current members on their next four quarterly statements beginning April 1, 1992, and will send refund checks to all 1989 policyholders who are no longer with the company by April 8, 1992. Interest will continue to be charged until the entire rollback refund has been paid or the last quarterly credit applied.

The company joins two other medical malpractice insurers, Norcal Mutual and the Southern California Physicians Insurance Exchange (SCPIE) that have already agreed to pay Proposition 103 rebates to their policyholders. Norcal Mutual agreed to pay 9,000 policyholders \$19.9 million, while SCPIE's agreement calls for \$30.7 million to be paid to its 13,800 members. The Automobile Club of Southern California agreed in October to refund its 515,000 policyholders over \$104 million.

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NEWS

JOHN GARAMENDI Insurance Commissioner

FOR IMMEDIATE RELEASE:

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ST. PAUL COMPANIES PAY \$10 MILLION PROP. 103 REBATE

Seven insurer affiliates of the St. Paul Companies will pay their policyholders \$10 million in Proposition 103 rebates under an agreement announced today by Insurance Commissioner John Garamendi.

"While I remain confident that the California Supreme Court will shortly give me the green light to gain the remaining rebates for consumers, this agreement demonstrates the willingness of some insurance companies to do right by their policyholders," said Garamendi. "This rebate is fair, sizeable and consistent with the regulations I created and by which all companies should abide."

The rebate is 10% of the companies' \$100 million in written premium for the 1989 rollback year, and will result in an average check of \$270 for the 37,000 policyholders covered under the agreement.

The companies write commercial liability, medical malpractice, surety coverage and other commercial lines, but no private passenger automobile or homeowners insurance. The companies covered by the agreement are Seaboard Surety Company, St. Paul Fire & Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Ramsey Insurance Company, Athena Insurance Company and Economy Fire and Casualty Company.

To date, 33 insurance groups or companies have issued rebate checks and credited dividends totalling \$780 million to 6.8 million Californians. This represents approximately 34% of policyholders due rebates.

On June 8th, The state Supreme Court heard oral argument in the pivotal case to determine the fate of Garamendi's Proposition 103 rebate regulations. At stake is an estimated more than \$1 billion in outstanding rebates due policyholders. The court is expected to rule in the case, 20th Century v. Garamendi, by early September.

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