

Signatures May Be Collected for California Health Insurance Initiative

January 6, 2012 by [Larry Golub](#) by [Sam Sorich](#) and [Larry Golub](#)

On January 4, 2012, the [California Secretary of State](#) announced that signatures may be collected for a proposed initiative which would bring prior approval of rates for health insurance to California, and also amend the existing regulation of automobile and homeowners insurance.

Jamie Court, the President of Consumer Watchdog, is the proponent of the measure, termed the Insurance Rate Public Justification and Accountability Act. There were actually two virtually identical versions of the initiative submitted to (and allowed to proceed to collect signatures by) the Secretary of State, file numbers 11-0070 and 11-0072, but it is expected that Consumer Watchdog will pursue signature gathering for only [the second version of the initiative](#). (In fact, its website only [links](#) to the second version of the initiative.)

In order to qualify for the November 6, 2012 ballot, backers of an initiative must file 504,760 valid signatures in support of the measure. The deadline for submitting signatures for the initiative is June 4, 2012.

Among other things, the initiative would give the [California Insurance Commissioner](#) the power to approve health insurance rates proposed after November 6, 2012. The rate approval statutes enacted by Proposition 103 in 1988 for most property and casualty insurance would be made applicable to health insurance. A health insurer's rate application would have to be accompanied by a sworn statement by insurer's chief executive officer declaring that the contents of the application are accurate and comply in all respects with California law.

The initiative would require a health insurance company to pay refunds with interest if the insurance commissioner determines that the company's rates are excessive; this requirement would apply to rates in effect on November 6, 2012 and rates in effect after that date.

Large group health insurance policies would be excluded from the scope of the initiative unless any one of four specified conditions exists; two of the conditions relate to the level of the proposed rate increase.

For health insurance, as well as automobile and homeowners insurance, the initiative would prohibit insurers from using the absence of prior insurance coverage or a person's credit history as a rating factor or a criterion for determining insurance eligibility.

The initiative specifies that it may be amended only (1) by the Legislature if the legislation furthers the initiative's purposes and is passed by a two-thirds vote in both the Assembly and the Senate or (2) by another voter ballot initiative.

In its summary of the fiscal effects of the initiative if approved by the voters, [the Legislative Analyst's Office estimates](#) that the measure would increase "state administrative costs in the low tens of millions of dollars annually to regulate health insurance rates, funded with revenues collected from filing fees paid by health insurance companies."