



**National Association of
Insurance and Financial Advisors
California
1451 River Park Drive Suite 175
Sacramento CA 95815
(916) 646-8600
Fax (916) 646-8130
office@naifacalifornia.org
www.naifacalifornia.org**

January 14, 2011

Mr. Bruce Hinze
California Department of Insurance
300 Capitol Mall, 17th Floor
Sacramento, CA 95814

RE: Proposed Emergency Action ER-2011-00001

Dear Mr. Hinze:

The National Association of Insurance and Financial Advisors-California, (NAIFA-California), an association representing over 4,000 insurance professionals from all sectors of the insurance industry, including life, health, property, casualty and financial services who serve over two million policyholders.

NAIFA-California respectfully submits the following comments regarding the proposed Emergency Regulations 2011-00001.

First and foremost, we believe there is no legal authority for the Insurance Commissioner to promulgate emergency regulations on this issue. Both Insurance Code Section 10293 and Government Code Section 11346.1 (sections referenced by the Commissioner in ER-2011-00001) fail to grant the authority to the Commissioner to promulgate Emergency Regulations. Whereas, Insurance Code Section 10293 states that any such rule or regulation shall be promulgated in accordance with the procedure provided in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and shall be effective 90 days after adoption by the commissioner.

In addition to the lack of authority, the proposed regulations would provide a disincentive for health insurers to invest in activities that provide quality service for patients and reduced costs for purchasers. Quality health care does not result only from money spent in providers' offices or in hospitals. The funds spent by plans and insurers on implementing systems and programs that provide value to customers, such as the costs of reaching special populations, are administrative costs that provide immense benefit to Californians. Plans and insurers that emphasize management of care, provide unique programs tailored to special populations, and provide better customer service will inevitably have higher administrative costs. The proposed regulations simply do not take any of these facts into account.

For these reasons, we respectfully ask you to reject ER-2011-00001

Sincerely,

A handwritten signature in black ink that reads "David V. Dellinger".

David V. Dellinger
Executive Vice President