

CALIFORNIA ADVOCATES, INC.



June 5, 2013

The Honorable Tom Ammiáno
Member, California State Assembly
State Capitol, Room 3146
Sacramento, CA 95814

Dennis K. Albiani

Michael D. Belote

Julianne A. Broyles

John F. O'Malley

Ralph F. Simoni

SUBJECT: AB 402 (AMMIANO)—DISABILITY INCOME INSURANCE: PREMIUM INCREASE: NEW COVERAGE MANDATE – OPPOSE SENATE INSURANCE COMMITTEE SCHEDULED FOR HEARING: JUNE 12, 2013

Dear Assembly Member Ammiáno:

The California Association of Health Underwriters (CAHU) must **OPPOSE** your **AB 402**, as amended June 4, 2013, that would likely increase disability insurance costs by setting a new, broad mental illness coverage mandate.

AB 402 significantly expands list of mandate coverage of conditions that must be covered by all disability insurance policies sold or renewed on or after January, 2014.

Disability income insurance pays supplemental income benefits for a short period of time when the insured is injured or sick. These policies are optional and may be purchased by individuals or can be offered as an employee benefit. Neither state nor federal health parity laws extend to short-term disability income insurance policies that provide temporary income replacement. While the intent is very good, CAHU is concerned that the new mandate of **AB 402** will increase premium costs for these income replacement policies and move these policies out of the reach of health care consumers.

The California Association of Health Underwriters is the state's largest association of health insurance agents, brokers and other health insurance industry professionals. Our members help millions of individual Californians and businesses evaluate, select, purchase and use their health care coverage plans, resulting in greater health and financial security. CAHU agents and brokers also act as advocates for policyholders and their families when coverage disputes arise. CAHU agents and brokers perform many functions for small employers with respect to managing their employee benefits program--at no additional cost to the small employer.

For these reasons, CAHU must **OPPOSE** your **AB 402**. We are available to discuss our concerns with you or your staff at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Julianne Broyles". The signature is written in dark ink and is positioned above the printed name.

Julianne Broyles

On Behalf of California Association of Health Underwriters

cc: Office of Governor Brown
Members, Senate Insurance Committee
Hugh Slayden, Senate Insurance Committee
Tim Conaghan, Senate Republican Caucus