

CLTA-PAC: THE POLITICAL CHALLENGES IN CALIFORNIA

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California has one of the most active Legislatures in the Country:

Unlike some other states that have a biennial legislature (such as Texas, Nevada, North Dakota), California's State Legislature meets **every year** for approximately nine months.

This translates into many of California's 120 legislators being essentially "professional" politicians who are very active in pursuing new legislation. In other states where the politicians are not meeting every year, the pressure on the industry lessens significantly in the off years.

For better or worse, California's State Legislature is very active and generates approximately 1,500 bills a year, of which approximately 700 bills reach the Governor's desk and are signed.

Unlike Washington D.C. where legislation can languish and take several years to be enacted, legislative proposals in California can be introduced and land on the Governor's desk for signature within a year.

This means that CLTA must actively monitor legislative proposals every year and move quickly to address problems associated with the proposals.

California has an elected Insurance Commissioner:

With the passage of Proposition 103 in 1988, California created the elected position of Insurance Commissioner. Since this position was created in 1988, at least three sitting Insurance Commissioners have used this position to run for Governor or Congress. For all intents and purposes, the Insurance Commissioner position has become a highly politicized office that brings challenges to the title industry not faced in other states.

Because the Insurance Commissioner post is very political, sitting Commissioners often focus on issues that translate into press coverage and headlines so that the voting public is kept aware that the Commissioner is "looking out for the voting public." Thus, CLTA has seen Commissioners focus on rates, creating new regulations, and targeting alleged "problems" within various lines of insurance.

While the sitting Commissioner cannot author legislation, he or she can sponsor legislation by encouraging State Legislators to carry bills that would enact programs or give the Insurance Commissioner power that he or she does not currently have.

California has very well organized and well-funded plaintiff's attorney associations, large unions, and very active "consumer" groups:

California has a very active plaintiff's bar and the trial lawyers in this state are very active. They are also very active in the California Legislature and are major contributors. Almost every year, California sees a number of bills introduced by the trial attorneys that have an adverse impact on many industries.

This state also is highly unionized and the SEIU, AFL-CIO, etc., are very active and huge campaign contributors, for all of the Constitutional Officers as well as the State Legislature. Oftentimes, these groups weigh in and offer support to legislation with an adverse impact on insurance lines and California businesses.

So-called consumer groups are also very active in California and often sponsor or support legislation that has an adverse impact on insurers, real estate transactions, foreclosures, etc. While these groups mean well, their activities and sponsored bills often pose serious threats to the real estate industry, including the title companies involved in virtually all real estate transactions and funding.

Thus, trial attorneys, unions, and consumer groups are very active and well-funded organizations that have tremendous impact on Legislation introduced in California. Unfortunately, CLTA often sees these groups cross-pollinating each other and creating an even more challenging arena in the State Legislature.