

PROP 17 ALLOWS AUTO INSURANCE COMPANIES TO BASE THEIR PRICES IN PART ON A DRIVER'S HISTORY OF INSURANCE COVERAGE. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 17 ★

PROPOSITION 17 CAN SAVE YOU MONEY ON CAR INSURANCE

California's economy has taken a toll on all of us—lost jobs, businesses closing and our savings getting smaller. Families need to save money wherever they can. Prop. 17 can help. Under current law, drivers who have maintained auto insurance with the same company are eligible for a continuous coverage discount.

However, a flaw in existing law prohibits drivers from taking this continuous coverage discount with them if they switch insurance companies to get lower rates.

The 80% of responsible drivers who maintain automobile insurance should not be penalized and lose their discount just because they change insurance companies.

Proposition 17 is simple and straightforward: You are eligible for the continuous coverage discount even if you change insurers.

Yes on 17 means:

- Your family could save HUNDREDS OF DOLLARS PER YEAR
- Increased COMPETITION
- More CHOICES AND OPTIONS for consumers

"If you have auto insurance, Proposition 17 can save your family as much as \$250 a year. It rewards responsible drivers by allowing them to shop for the lowest rate while keeping their continuous coverage discount."

—Harvey Larsen, Secretary-Treasurer, Consumers Coalition of California

CONSUMERS AND SMALL BUSINESSES SAY YES ON PROP. 17

- California Alliance for Consumer Protection
- California Chamber of Commerce
- California Senior Advocates League
- Small Business Action Committee
- California Hispanic Chambers of Commerce
- Consumers First, among others.

Many businesses and organizations support this measure, including Mercury Insurance, because it means increased competition in the insurance marketplace and new customers. Providing additional discounts is one way an insurance company can compete. More competition means lower rates for consumers!

PROPOSITION 17: MORE COMPETITION, LOWER RATES

Drivers don't lose their good driver discount when they change insurers. They shouldn't lose their continuous coverage discount just because they change insurers.

"Just like some stores honor their competitors' coupons, Prop. 17 allows drivers to shop around for the best price and keep their continuous coverage discount, resulting in more choices, more competition and more savings."

—Tom Hudson, Executive Director, California Taxpayer Protection Committee

DON'T FALL FOR OPPONENTS' SCARE TACTICS

- Opponents are fighting a discount that will benefit the 80% of drivers who follow the law and maintain insurance.
- Current law (Section 1861.02) requires that insurance rates be based primarily on your driving safety record, miles driven annually and years of driving experience. *This measure does not change that!*
- Section 1861.024 (b) of the measure specifically protects drivers who must cancel coverage for economic hardship, illness, job-loss or any reason other than non-payment for a minimum of 90 days. They are still eligible for the discount.
- And lower income consumers will still be eligible for California's Low Cost Auto insurance program.

"Prop. 17 protects the continuous coverage discount for soldiers that cancel insurance when they are sent overseas to serve our country."

—Willie Galvan, State Commander, American GI Forum of California

READ IT FOR YOURSELF

THEN VOTE YES ON 17: LOWER INSURANCE RATES, MORE COMPETITION AND CHOICE.

www.yesprop17.org

JIM CONRAN, Former Director
California Department of Consumer Affairs

ALLAN ZAREMBERG, President
California Chamber of Commerce

JOEL FOX, President
Small Business Action Committee

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 17 ★

The proponents of Proposition 17, funded by Mercury Insurance Company, are trying to put one over on you. All they talk about is "discounts" and "competition." Here's what they don't want you to know:

FACT: Prop 17 will *increase* car insurance premiums for millions of Californians who have done nothing wrong. It forces you to buy insurance—even if you stop driving—or you will get hit with surcharges of up to \$1,000/year (based on Mercury's numbers) when you start driving again . . . even if you are a good driver.

FACT: If you have a break in coverage for 91 days or more during the past five years, you'll be charged more, no matter how legitimate the reason: illness, attending college, lost your job, even military service.

That's why USAA, which serves our troops and their families, says: "Based on the potential harm to military personnel, we

cannot support Prop. 17. They're doing their duty to their country. But they could get pounded by this kind of law."

FACT: 17 overturns a law passed by California voters in 1988 to make insurers compete fairly for customers.

FACT: Prop 17 is 99% funded by Mercury, which was caught "charging discriminatory rates to motorists who were not at fault in accidents, were members of the armed forces or worked in certain professions." (Los Angeles Times, 2/15/10)

When was the last time an insurance company put something on the ballot to lower your rates? Never.

For your own protection, vote NO on 17.

JOHN GARAMENDI, former Insurance Commissioner
State of California

JOHN VAN DE KAMP, former Attorney General
State of California

PROP 17 ALLOWS AUTO INSURANCE COMPANIES TO BASE THEIR PRICES IN PART ON A DRIVER'S HISTORY OF INSURANCE COVERAGE. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 17 ★

Consumer advocates agree: Vote NO ON PROPOSITION 17—It's a deceptive insurance company initiative to raise auto insurance premiums for millions of California's struggling middle class families.

Proposition 17 changes our laws to favor big insurance companies like Mercury Insurance, the initiative's sponsor, while *hurting responsible drivers who have done nothing wrong.*

The insurance backers of Prop 17 won't tell you the whole story, but the California Department of Insurance does. It says Prop 17 "will result in a surcharge" for California drivers.

That's why Consumers Union, nonprofit publisher of *Consumer Reports*, opposes Prop 17.

Prop 17 requires Californians who cancel auto insurance to pay a financial penalty to restart their coverage.

-> *No on 17: It penalizes responsible drivers.*

Prop 17 allows insurance companies to raise rates on customers with perfect driving records, just because they canceled insurance for as little as ninety-one days over the past five years. Drivers must pay this unfair penalty even if they did not own a car or need insurance in the past.

-> *No on 17: It punishes our troops, among others.*

This initiative raises rates on Californians who stop their insurance, including military serving stateside. PENALIZING THESE DRIVERS BY FORCING THEM TO PAY MORE when they restart their insurance is wrong.

-> *No on 17: It hurts California's middle class families.*

In these tough times, many Californians are being forced to choose between driving and other necessities. If someone with a perfect driving record is late on just one payment, Prop 17 allows insurance companies to CHARGE DRIVERS HUNDREDS OF DOLLARS MORE when they restart coverage.

-> *No on 17: Californians will pay more for car insurance.*

Proposition 17's penalties are currently illegal in California, but in states where insurance companies are allowed to surcharge drivers, the result is HIGHER PREMIUMS:

- Nevadans can pay 73% more.
- Texans, 84% more.
- Floridians, 227% more.

-> *No on 17: It leads to more uninsured motorists, costing us all more.*

Because of the recession, insurance experts predict almost 20% more uninsured motorists on the road. According to the California Department of Insurance, Prop 17's financial penalty: "discourages [people] from buying insurance, which may add to the number of uninsured motorists and ultimately drives up the cost of the uninsured motorist coverage for every insured."

MORE UNINSURED DRIVERS hurts the bottom line for taxpayers and the state.

-> *No on Prop 17: It's an insurance company bailout.*

The San Francisco Chronicle reports that Mercury's Prop 17 is "a controversial insurance measure" from a company that "engaged in practices that may be illegal, including deceptive pricing and discrimination against consumers such as active members of the military."

State courts stopped Mercury from overcharging motorists in 2005. But Prop. 17 would legalize those surcharges. That's why Mercury has already spent \$3.5 million on 17—so it can increase profits at the expense of California's middle class.

We shouldn't give insurance companies more power to raise our rates, especially during a recession.

VOTE NO on PROP 17

Learn more at <http://www.StopTheSurcharge.org>

HARVEY ROSENFELD, Founder
Consumer Watchdog

ELISA ODABASHIAN, Director, West Coast Office
and State Campaigns Consumers Union

JON SOLTZ, Chairman
VoteVets.org

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 17 ★

YES ON 17 ELIMINATES AN EXISTING SURCHARGE FOR CHANGING INSURANCE COMPANIES

Currently, if you're a responsible driver who maintains insurance coverage, you could pay a surcharge of hundreds of dollars if you switch insurance companies because you lose your continuous coverage discount.

PROP. 17 WILL SAVE DRIVERS AS MUCH AS \$250

17 would allow drivers to take your continuous coverage discount with you if you change insurers, saving you hundreds of dollars a year and increasing competition and choice.

OPPONENTS WANT 80% OF DRIVERS TO CONTINUE TO PAY A SURCHARGE

Opponents of 17 want to continue penalizing the more than 80% of drivers who follow the law and maintain coverage. They are intentionally misleading voters. No one is worse off with Prop 17. It provides ADDITIONAL GRACE PERIODS AND PROTECTIONS YOU DON'T GET NOW.

- FACT: 17 ADDS protections for soldiers to maintain their continuous coverage discount if they cancel insurance when serving overseas or in another state. *Currently, they lose their discount.*

- FACT: 17 ADDS protections for middle class families that have lapses in coverage for job losses, illnesses, or other reasons during tough economic times. *Currently, they lose their discount.*
- FACT: 17 preserves strong consumer protection laws. Insurers will still be required to base rates primarily on driving safety record, miles driven annually and driving experience. The Department of Insurance must still review and approve ALL rate increases or decreases.
- FACT: 17 encourages more people to maintain insurance, not fewer!

YES ON 17 = LOWER RATES

www.yesprop17.org

JOHN T. KEHOE, President
California Senior Advocates League

WILLIE GALVAN, State Commander
American GI Forum of California

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