



## POLICY & ACTION FROM CONSUMER REPORTS

April 5, 2017

Dave Jones, Insurance Commissioner  
California Department of Insurance  
300 Capitol Mall, Suite 1700  
Sacramento, CA 95814

Re: Request for investigation into auto insurance pricing practices in California

Dear Commissioner Jones,

Consumers Union, the policy and mobilization division of the nonprofit Consumer Reports, requests an investigation into the pricing practices of auto insurers in California in light of the findings of a joint investigative report released today by Consumer Reports and ProPublica, entitled *Car Insurance Companies Charge Higher Rates in Some Minority Neighborhoods*, available at [CR.org/carinsuranceinvestigation](http://CR.org/carinsuranceinvestigation).

California's insurance regulations are meant to ensure that consumers are primarily priced by how they drive, with policy prices reflecting the risk they pose. The Consumer Reports – ProPublica investigation uncovered disparities in auto insurance prices between minority and non-minority neighborhoods, disparities that are wider than average risk can explain. The report found eight companies doing business in California that were charging risky minority zip codes more than 10% higher on average for liability premiums than similar non-minority zip codes. It is unclear why these pricing disparities are occurring.

We understand you have already provided comment on the Consumer Reports - ProPublica analysis and findings, but we urge your office to undertake its own investigation into the way insurers are setting auto insurance prices in California. Many Californians are already struggling to make ends meet without the extra burden of unfairly high auto insurance rates.

Thank you in advance for your prompt attention to this important consumer issue. If you have any questions, please contact me at [ctetreault@consumer.org](mailto:ctetreault@consumer.org) or 415-431-6747.

**West Coast Office**

1535 Mission Street  
San Francisco, CA 94103-2512  
(415) 431-6747  
[www.consumersunion.org](http://www.consumersunion.org)

Sincerely,

*Christina Tetreault*

Christina Tetreault  
Staff Attorney  
Consumers Union