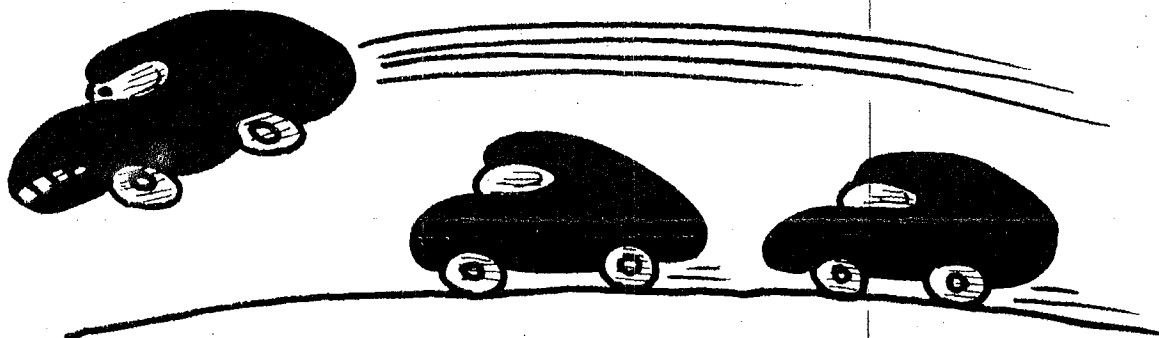


Insurers Drive Postal Profiling



ZIP Code-Dependent Car Insurance Rates Discriminate Against Those With Lower Income, Minorities

By Rocky Delgadillo,
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and John Russo

Consider this: A young, single man living in San Luis Obispo pays \$1,700 for car insurance, but if that same driver moved to racially diverse South Los Angeles, he would pay more than \$7,800. That's a 360 percent difference.

In Northern California the disparity is equally galling. In the upscale Montclair district in Oakland, our hypothetical driver would pay \$3,400 per year for car insurance. But if that same driver, with the same driving record and number of years behind the wheel, moved five miles down the hill to the predominantly Latino neighborhood of Fruitvale, he would pay \$1,000 more for the same insurance.

How can this be fair? Why should great drivers who happen to live in challenged neighborhoods effectively subsidize lousy drivers who are lucky enough to live in better communities? It's all a matter of how insurers use ZIP codes to determine premiums. Often this is a proxy factor for other, less savory considerations. ZIP code

profiling — whether intended or not — ends up discriminating against low-income and minority communities throughout California.

In 1988, California voters demanded fairness and equity in insurance rates by passing Proposition 103. This law requires insur-

charging higher rates to those who can least afford it, insurers engaged in this practice exacerbate the problem of uninsured drivers, putting all Californians, regardless of income, at risk.

In late May, the city attorneys of San Francisco, Oakland and Los Angeles joined forces with a broad

he would approve it and take public comment this summer and early fall, demonstrating the strength and effectiveness of this coalition.

Coalition members include Consumers Union, the Spanish Speaking Citizens Foundation, the National Council of La Raza, the Southern California Leadership Conference of Greater Los Angeles, the Foundation for Taxpayer and Consumer Rights, the city of Los Angeles, the city and county of San Francisco and the city of Oakland.

Californians are required by law to have auto insurance. This petition would allow insurance companies the permissible discrimination necessary to charge a fair premium — one that is related to the driving record of the insured.

All of us in California, a state that prides itself in its passion for justice, should be proud of this collaboration. People should be judged by how they act, not by how much they have in the bank.

And drivers should be charged fair and equitable rates based on how they drive, not where they live.

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ance companies to base rates on three logical and equitable factors: driving record, miles driven and years of driving experience. Yet 15 years later, ratepayers in low-income areas throughout California still are saddled with exorbitant insurance rates based primarily on where they live, not on how they drive.

The current regulations adopted by disgraced former Insurance Commissioner Chuck Quackenbush allowed insurers to base rates mostly on more subjective factors such as ZIP code, marital status or gender — the same factors insurance companies used before voters passed Proposition 103.

This practice irrationally discriminates against the poor. And by

coalition of consumer groups on a petition to urge current Insurance Commissioner John Garamendi to require auto insurance companies to comply with voter-mandated Proposition 103.

The petition asked Garamendi to strike down the Quackenbush regulations that have allowed insurance companies to circumvent Proposition 103 by giving far more weight to where a person lives than how a person drives. The petition would allow insurers to consider ZIP codes when setting rates, but that factor must be given less weight than a person's driving safety record, annual mileage and years of driving experience.

Within hours of the petition's filing, Garamendi indicated that

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