



Questions and Answers About the Continuous Coverage Auto Insurance Discount Act

What is the Continuous Coverage Auto Insurance Discount Act?

Under current California insurance laws, drivers who have been insured with the same insurance company are eligible for a “continuous coverage” discount. But, an inconsistency in the law prohibits drivers from taking this continuous coverage discount with them if they switch insurance companies.

The Continuous Coverage Auto Insurance Discount Act corrects that inconsistency and ensures that all drivers who continually maintain their automobile insurance are eligible for this discount even if they change their insurance company.

What about my driving record, Proposition 103 and good driver discounts? Will this hurt those?

No. This is an additional discount. Insurance companies will still be required to base your auto insurance rates primarily on driving safety record, miles driven annually and driving experience. Other discounts, like the good driver or student discounts, will not be taken away.

Similar to when some stores honor their competitors’ coupons or the law allowing cell phone customers to keep their phone numbers when changing companies, this initiative will allow drivers to shop around and take their continuous coverage discount with them to any insurance company that offers the discount.

How will I benefit from this measure?

This measure creates more choices and promotes competition. The inconsistency in current law that prevents insurance companies from extending the continuous coverage discount to new customers punishes good drivers who want to change insurers, restricts drivers from shopping around for auto insurance and limits competition in the auto insurance market.

By allowing insurance companies to offer the expanded continuous coverage discount to drivers, including new customers, this measure will increase competition; increased competition will lower rates and result in reduced premiums, while providing California drivers with more options and choices in their insurance coverage.



Do other states allow this discount?

Yes – in fact, the vast majority of other states allow insurers to offer this discount to all drivers who maintain ongoing auto insurance coverage. Other states like Texas, New York, Oregon, Washington and Florida already allow insurers to reward responsible drivers with this additional discount.

Isn't this something the Legislature should be doing? Why do we have to vote on this?

The Legislature did approve extending this discount to all drivers in 2003. However, a California court disallowed this discount so that continuously insured drivers lost this discount when they changed insurers. As a result, this discount must now be approved by voters at the ballot.

When will voters have to make a decision on this?

This measure has been filed anticipating a June 2010 ballot. We plan on gathering signatures as soon as the measure receives its title and summary from the Attorney General.