



FACT SHEET

THE PROBLEM: Drivers Are Not Eligible for Their “Continuous Coverage” Discount If They Change Insurers

- 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 regulation was intended to reward ALL California drivers for maintaining their coverage, but the inconsistency in the law punishes good drivers who want to change insurers, restricts drivers from shopping around for auto insurance and limits competition in the auto insurance market.

THE SOLUTION: The Continuous Coverage Auto Insurance Discount Act

- The Continuous Coverage Auto Insurance Discount Act, currently in the signature gathering phase and expected to be on the June 2010 statewide ballot, 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.
- This common-sense measure allows all insurance companies to offer the expanded continuous coverage discount to drivers, including new customers, for obeying the law and having maintained their auto insurance.
- Drivers who continually maintain their auto insurance coverage deserve this discount and the savings it provides.
- This measure will increase competition, which will lower rates and result in reduced premiums, while providing California drivers with more options and choices in their insurance coverage.
- This is an additional discount. Insurance companies still will be required to base your auto insurance rates on Proposition 103’s top three mandatory rating factors: driving safety record, miles driven annually and driving experience. Other discounts, like the good driver or student discount, 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.
- Extending this discount will bring California in line with the vast majority of other states allowing insurers to offer this discount to all drivers who maintain ongoing auto insurance coverage. Other states like Texas, New York, Oregon, Washington and Florida offer this discount to their drivers – California should too.
- This will not affect California’s extensive low cost and assigned risk auto insurance program, which ensures drivers have access to affordable auto insurance.