

May 24, 2017

BY ELECTRONIC MAIL

Insurance Commissioner Dave Jones
California Department of Insurance
300 Capitol Mall, 17th Floor
Sacramento, CA 95814

Re: Race Discrimination by Auto Insurance Companies

Dear Commissioner Jones:

As advocates for transportation justice across California, we wrote last month to ask you to immediately open an investigation into findings by ProPublica that “some major insurers charge minority neighborhoods as much as 30 percent more than other areas with similar accident costs.”

We received the April 28 letter from Deputy Commissioner Ken Allen, and very much appreciate the assurance that the agency takes the matter seriously. However, Mr. Allen’s response does not address the need for an investigation that is formal, transparent and public.

We understand that your Department is receiving the relevant data from the insurance companies at issue, and conducting a closed-door review. According to Mr. Allen’s letter, the Department has been internally reviewing class plan applications by seven of the eight insurance companies ProPublica identified – Allied, AMCO, Safeco, and the USAA group of companies– for many months. However, an internal agency inquiry ultimately leaves the public in the dark as to whether insurers are systematically overcharging Californians on a racially discriminatory basis.

An internal review is no substitute for a formal public investigation and hearing. In such an investigation, the insurance companies would be required to disclose such information as premium and loss data for each of the zip codes highlighted by ProPublica, and members of the public and the press would have the right to review the data and understand the methodology by which it was being analyzed. The public would also have the right to examine under oath executives of each insurance company.

A long and continuing history of racial inequality in transportation, including racially discriminatory insurance redlining, makes it imperative that you open a proceeding to determine whether the civil rights of residents of communities of color are being violated, and that the proceeding be full, fair and public.

In sum, we urge you to *convene a formal public investigation* pursuant to Proposition 103 (e.g., Insurance Code sections 1861.01, 1861.02, and 1861.05) of the rate and premium-setting practices of the seven companies, and *to make the complete data received, and the methodology to be utilized in analyzing it, available to the public.*

We appreciate your responding to these requests within seven business days.

Very truly yours,



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