



11-0013 Amdt. #1S

June 20, 2011

Ms. Krystal M. Paris  
Initiative Coordinator  
Office of the Attorney General  
1300 I Street  
Sacramento, CA 95814

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INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

RE: Initiative 11-0013  
2012 Automobile Insurance Discount Act

Dear Ms. Paris:

We appreciate the continued courtesy of the Attorney General's Office. The American Agent's Alliance, by and through Mike D'Arelli, American Agent's Alliance Executive Director and proponent of the 2012 Automobile Insurance Discount Act Initiative, submits the following minor amendment to the initiative.

The goal of the initiative is to increase access to affordable automobile insurance by allowing a discount for drivers who continuously maintained auto insurance coverage, even if changing their insurance company. In Section 4(b)(1) we have made the following amendment.

SECTION 4. Section 1861.023 is added to the Insurance Code to read:

(a) Notwithstanding section 1861.02(a)(4), an insurance company may use continuous coverage as an optional auto insurance rating factor for any insurance policy subject to section 1861.02.

(b) For purposes of this section, "Continuous coverage" shall mean uninterrupted automobile insurance coverage with any admitted insurer or insurers, including coverage provided pursuant to the California Automobile Assigned Risk Program or the California Low Cost Automobile Program.

~~(1) Continuous coverage shall be deemed to exist even if there is a lapse in coverage due to an insured's absence from the state while in military service.~~

*(1) Continuous coverage shall be deemed to exist if there is a lapse in coverage due to an insured's active military service.*

Again, thank you for your time. We look forward to working with you.

Sincerely yours,

Mike D'Arelli  
Proponent, 2012 Automobile Insurance Discount Act

## SECTION 1. Title.

This measure shall be known as the 2012 Automobile Insurance Discount Act.

## SECTION 2. The people of the State of California find and declare that:

- (a) Under California law, the state Department of Insurance regulates insurance rates and determines what discounts auto insurance companies can give to drivers.
- (b) It is in the best interest of California insurance consumers to be allowed to receive discounted prices if they have continuously followed the state's mandatory insurance laws, regardless of which insurance company they have used.
- (c) A consumer discount for continuous automobile coverage rewards responsible behavior. That discount should belong to the consumer, not the insurance company.
- (d) A personal discount for maintaining continuous coverage creates competition among insurance companies and is an incentive for more consumers to purchase and maintain automobile insurance.

## SECTION 3. Purpose.

The purpose of this measure is to allow California insurance consumers to obtain discounted insurance rates if they have continuously followed the mandatory insurance law.

## SECTION 4. Section 1861.023 is added to the Insurance Code to read:

- (a) Notwithstanding section 1861.02(a)(4), an insurance company may use continuous coverage as an optional auto insurance rating factor for any insurance policy subject to section 1861.02.
- (b) For purposes of this section, "Continuous coverage" shall mean uninterrupted automobile insurance coverage with any admitted insurer or insurers, including coverage provided pursuant to the California Automobile Assigned Risk Program or the California Low Cost Automobile Program.

~~(1) Continuous coverage shall be deemed to exist even if there is a lapse in coverage due to an insured's absence from the state while in military service.~~

(1) Continuous coverage shall be deemed to exist if there is a lapse in coverage due to an insured's active military service.

(2) Continuous coverage shall be deemed to exist even if there is a lapse in coverage of up to 18 months in the last 5 years due to loss of employment resulting from a layoff or furlough.

(3) Continuous coverage shall be deemed to exist even if there is a lapse of coverage of not more 90 days in the previous 5 years for any reason.

(4) Children residing with a parent shall be provided a discount for continuous coverage based upon the parent's eligibility for a continuous coverage discount.

(c) Consumers who are unable to demonstrate continuous coverage shall be granted a proportional discount. This discount shall be a proportion of the amount of the rate of reduction that would have been granted if the consumer had been able to demonstrate continuous coverage. The proportion shall reflect the number of whole years in the immediately preceding five years for which the consumer was insured.

## SECTION 5. Conflicting Ballot Measures

In the event that this measure and another measure or measures relating to continuity of coverage shall appear on the same statewide election ballot, the provisions of the other measures shall be

deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measures shall be null and void.

#### SECTION 6. Amendment

The provisions of this act shall not be amended by the Legislature except to further its purposes by a statute passed in each house by roll call vote entered in the journal, two-thirds of the membership concurring.

#### SECTION 7. Severability

It is the intent of the People that the provisions of this Act are severable and that if any provision of this Act, or the application thereof to any person or circumstance, is held invalid such invalidity shall not affect any other provision or application of this Act which can be given effect without the invalid provision or application.