

GEICO Rips Off Single Lower-Income Drivers, CFC Alleges

Inside This Issue:
2014 CONSUMER SCORECARD
For State Lawmakers

If you're an unmarried, uninsured good driver and have anything less than a bachelor's degree or a professional job, GEICO may quote you coverages it claims are its "Lowest Limits" that are in fact as much as 1000% more than the minimum it must offer under state law, the Consumer Federation of California (CFC) charged in an enforcement complaint it filed with the California Department of Insurance.

CFC is calling on the Department of Insurance to enforce state insurance and civil rights laws by ordering GEICO to halt these practices and impose penalties, which may include fines and revocation of the company's license to sell auto insurance.

It's nearly impossible to watch TV and not be bombarded by ads featuring a gecko, pig or other GEICO mascot urging a visit to the company's website for an interactive rate quote. However, CFC's extensive testing revealed that the message: "Geico - 15 minutes could save you 15% or more" belies a reality of

quotes as much as 50% *higher* than are lawful for unmarried consumers who are not already insured and have lower educational attainment and job status.

California law requires insurers to offer good drivers a policy with minimum coverages of \$15,000 for a single injury in an accident, \$30,000 for injury to more than one person, and \$5,000 for property damage, called a "15/30/5 policy."

But when a Californian fills in the online tool on GEICO's website, and tells the company that he or she is:

- A good driver (generally no more than one moving violation in the past three years)
- Unmarried
- Not employed in a professional or executive occupation
- Not a four-year college graduate, and
- Not already insured

then the company website presents a rate quote for six months' coverage that it labels as the "Lowest Limits" it offers: \$100,000 for a single injury, \$300,000 for injury to more than one person,

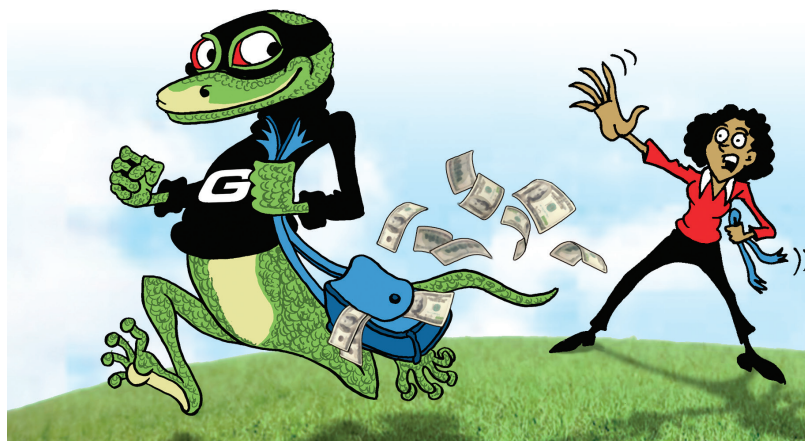
and \$50,000 for property damage, called a "100/300/50 policy" in CFC's complaint.

If that person is a professional or executive, or married, or a college graduate, or has current insurance coverage, GEICO's website produces a "Lowest Limits" quote for one month's coverage including \$15,000 for a single injury, \$30,000 for injury to more than one person, and \$25,000 for property damage, called a "15/30/25 policy." CFC alleges that the representation of \$25,000 as "Lowest Limits" for these good-driver ► **CONTINUED ON BACK PAGE**

LET US KNOW IF YOU WERE OVERCHARGED

If you're a Californian who got a rate quote at geico.com and you meet the five criteria at left, you may be a victim of the company's scam. Let us know – write to mail@consumercal.org so we can contact you for more information.

Learn more: stopgeico.org



15 minutes can cost you 50% more... if you're a working person.

www.stopgeico.org

2014 Scorecard Rates State Lawmakers

CFC's 2014 Consumer Scorecard rates lawmakers on the votes they cast on key consumer rights bills affecting protections for vulnerable elders, truth in advertising, cell phone safety, medical credit arrangements, computer spyware, financial privacy, and defective products. (See bill summaries below.)

The Assembly as a whole posted an average pro-consumer score of 74 percent, and the Senate's average was 73 percent. Democrats averaged a 92 percent score in the Assembly, and nearly

91 percent in the Senate. Republicans averaged 32 percent in the Assembly, and 33 percent in the Senate.

Thirty-two of the 55 Assembly Democrats, and 14 of the 27 Senate Democrats, earned a perfect score of 100 percent. No Republican in either house exceeded a 67 percent pro-consumer score.

We graded non-votes as well as votes that were cast. When a lawmaker was in attendance but chose not to vote, that grade was based on that decision's

effect on the bill's outcome.

CFC also assigns a Right or Wrong grade when a lawmaker introduces a key consumer bill or requests committee action on a matter of importance to the CFC, but does not have occasion to actually vote on the bill or action.

Also included in the scorecard are "lifetime" percentages, based on CFC scorecards issued each year and representing the key consumer votes by a lawmaker throughout his or her tenure in the Legislature.

Key Consumer Rights Bills

Bill / CFC Position	Summary and Outcome
AB 802 (Wieckowski) / Support	Requires private arbitration companies to collect and report information related to their arbitration cases so as to allow consumers to identify any potential bias the company may have against the consumer. <i>Signed into law</i>
AB 1522 (Gonzalez) / Support	Provides that employees are entitled to paid sick days to be accrued at a rate of no less than one hour for every 30 hours worked, limited to 24 hours or 3 days in each year of employment. <i>Signed into law</i>
AB 1710 (Dickinson, Wieckowski) / Support	Requires a business responsible for a data breach of their customers' personal information to notify their customers and offer identity theft prevention services at no cost for at least 12 months. <i>Signed into law</i>
AB 1751 (Bloom) / Support	Requires continuing care retirement community providers to make a financial statement available to residents associations not less than quarterly and must include explanation of all significant budget variances. <i>Signed into law</i>
AB 2162 (Fox) / Support	Would have required residential care facilities for the elderly or adult residential facilities with five or fewer beds to install automatic fire sprinkler systems approved by the State Fire Marshal. <i>Failed in Asm. Governmental Organization Committee</i>
AB 2667 (Bloom) / Sponsor	Prohibits rent-to-own companies from placing spyware or tracking software in rental computers, except for repossession, or to provide remote technical assistance, and technology must be disclosed. <i>Signed into law</i>
SB 52 (Leno) / Support	Would have imposed new disclosure statement requirements identifying major contributors and other funding details for political advertisements of ballot measures. <i>Not brought for vote on Asm. Floor</i>
SB 962 (Leno) / Support	Requires that any smartphone manufactured after July 1, 2015, and sold in California, include a consumer operated "kill switch" – which would render the smartphone inoperable to an unauthorized user, reducing the value of stolen phones sold on the black market. <i>Signed into law</i>
SB 1019 (Leno) / Support	Requires a manufacturer of upholstered furniture products to indicate whether or not their product contains added flame retardant chemicals that are toxic and ineffective on a label attached to the product. <i>Signed into law</i>
SB 1256 (Mitchell) / Sponsor	Prohibits a medical provider from establishing a third party line of credit for a patient without first providing written notice; prohibits charging for services not yet rendered without a written treatment plan and cost estimate; forbids establishing credit when patient is under the influence of general anesthesia or other sedation. <i>Signed into law</i>
SB 1188 (Jackson) / Sponsor	Under the Consumers Legal Remedies Act, would have provided that fraud or deceit may consist of the suppression or omission of a material fact by one who is bound to disclose it. <i>Committee hearing cancelled at request of author</i>
SB 383 (Jackson) / Sponsor	Would have expanded California's Song-Beverly Credit Card Act, which prohibits collection of personal identification information in connection with a credit card transaction, to apply to online transactions. <i>Committee hearing cancelled at request of author</i>
SB 661 (Hill) / Oppose	Would have allowed merchandise with foreign content that cannot be obtained within the United States to be offered for sale bearing a "Made in USA" label. <i>Failed in Senate Judiciary</i>

2014 Consumer Scorecard for State Lawmakers: Assembly

Assembly Member	Party	AB 802 8/20 Floor	AB 1522 8/30 Floor	AB 1710 8/25 Floor	AB 1751 8/25 Floor	AB 2162 4/8 Human Svcs.	AB 2162 4/30 Gov. Org.	AB 2667 8/19 Floor	SB 52 6/24 E. & R.	SB 52 8/14 Approps.	SB 962 8/7 Floor	SB 1019 8/27 Floor	SB 1256 8/7 Floor	Total Right	Total Wrong	Percent	Lifetime
Achadjian, K.	REP	W	W	W	W	--	R	R	--	--	R	R	R	5	4	56%	29%
Alejo, L.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	92%
Allen, T.	REP	W	W	W	W	--	--	R	--	--	W	W	R	2	6	25%	33%
Ammiano, T.	DEM	R	R	R	R	R	--	R	--	--	R	R	R	9	0	100%	98%
Atkins, T.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	92%
Bigelow, F.	REP	W	W	W	W	--	W*	R	--	W	W*	W*	R	2	8	20%	28%
Bloom, R.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	93%
Bocanegra, R.	DEM	R	R	R	R	--	--	R	--	R	R	R	R	9	0	100%	88%
Bonilla, S.	DEM	R	R	R	R	--	--	R	--	--	R	R	W*	7	1	88%	85%
Bonta, R.	DEM	R	R	R	R	--	--	R	R	--	R	R	R	9	0	100%	88%
Bradford, S.	DEM	R	R	R	R	--	--	R	--	R	R	R	R	9	0	100%	88%
Brown, C.	DEM	R	R	W*	R	--	--	R	--	--	R	R	R	7	1	88%	80%
Buchanan, J.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	75%
Calderon, I.	DEM	R	R	R	R	R	--	R	--	R	R	R	R	10	0	100%	82%
Campos, N.	DEM	R	R	R	R	--	W*	R	--	R	R	R	R	9	1	90%	92%
Chau, E.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	94%
Chávez, R.	REP	W	W	W	W	--	--	R	--	--	W	W*	R	2	6	25%	27%
Chesbro, W.	DEM	R	R	R	R	--	W	R	--	--	R	R	R	8	1	89%	90%
Conway, C.	REP	W	W	W	W	--	--	R	--	--	R	W	R	3	5	38%	13%
Cooley, K.	DEM	R	R	R	R	--	R	R	--	--	R	R	R	9	0	100%	82%
Dababneh, M.	DEM	R	R	R	R	--	R	R	--	--	W	R	R	8	1	89%	89%
Dahle, B.	REP	W	W	W	W	--	--	R	--	--	W	R	R	3	5	38%	33%
Daly, T.	DEM	R	R	R	R	--	--	R	--	--	W	W*	R	6	2	75%	67%
Dickinson, R.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	95%
Donnelly, T.	REP	W	W	W	W	--	--	R	W	W	W	W	R	2	8	20%	11%
Eggman, S.	DEM	R	R	R	R	--	--	R	--	R	R	R	R	9	0	100%	94%
Fong, P.	DEM	R	R	R	R	--	--	R	R	--	R	R	R	9	0	100%	93%
Fox, S.	DEM	W	R	W	R	R**	--	R	--	--	--	R	--	5	2	71%	71%
Frazier, J.	DEM	R	W*	R	R	--	--	R	--	--	W	R	R	6	2	75%	69%
Gaines, B.	REP	W	W	W	W	--	--	R	--	--	W	W	R	2	6	25%	20%
Garcia, C.	DEM	R	R	R	R	R	--	R	--	--	W*	R	R	8	1	89%	88%
Gatto, M.	DEM	R	R	R	R	--	--	R	--	R	R	R	R	9	0	100%	87%
Gomez, J.	DEM	R	R	R	R	--	--	--	--	W*	R	R	R	7	1	88%	80%
Gonzalez, L.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	93%
Gordon, R.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	89%

LEGEND

R = Right, voted for consumers

R* = Present, did not vote, same as voting in favor of consumers

R** = Author of a CFC-supported bill or action that they did not get a chance to vote on

W = Wrong, voted against consumers

W* = Present, did not vote - same as voting against consumers

W** = Author of a CFC-opposed bill or action that they did not get a chance to vote on

-- = Excused absence, not a member of committee, or not a member of the Assembly/Senate at the time the vote was cast

(Vote Tally as of September 1, 2014)
(Revised 12/12/14)

Assembly Member	Party	AB 802 8/20 Floor	AB 1522 8/30 Floor	AB 1710 8/25 Floor	AB 1751 8/25 Floor	AB 2162 4/8 Human Svcs.	AB 2162 4/30 Gov. Org.	AB 2667 8/19 Floor	SB 52 6/24 E. & R.	SB 52 8/14 Approps.	SB 962 8/7 Floor	SB 1019 8/27 Floor	SB 1256 8/7 Floor	Total Right	Total Wrong	Percent	Lifetime
Gorell, J.	REP	R	W	W	W*	--	--	R	--	--	R	R	R	5	3	63%	30%
Gray, A.	DEM	R	R	W*	R	--	W	R	--	--	R	W	R	6	3	67%	65%
Grove, S.	REP	W*	W	W	W	W*	--	R	--	--	W	W	R	2	7	22%	14%
Hagman, C.	REP	W	W	W	W	--	--	R	--	--	W	R	R	3	5	38%	16%
Hall, I.	DEM	R	R	R	R	W*	W*	R	R	--	W*	R	R	8	3	73%	71%
Harkey, D.	REP	W	W	W	W	--	--	R	--	--	W	W*	R	2	6	25%	11%
Hernández, R.	DEM	R	R	R	R	--	R	R	--	--	R	R	R	9	0	100%	86%
Holden, C.	DEM	R	R	R	R	--	--	R	--	R	R	R	R	9	0	100%	93%
Jones, B.	REP	W	W	W	W	--	W	R	--	W	W	W	R	2	8	20%	13%
Jones-Sawyer, R.	DEM	R	R	R	R	--	W*	R	--	--	R	R	R	8	1	89%	88%
Levine, M.	DEM	R	R	R	R	--	W	R	--	--	R	R	R	8	1	89%	76%
Linder, E.	REP	W	W	W	W	--	--	R	--	W	W*	R	R	3	6	33%	31%
Logue, D.	REP	W	W	W	W	--	--	R	--	--	W	W	R	2	6	25%	15%
Lowenthal, B.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	98%
Maienschien, B.	REP	R	W	W	W	R	--	R	--	--	R	R	R	6	3	67%	47%
Mansoor, A.	REP	W	W	W	W	--	--	R	--	--	W*	W	R	2	6	25%	17%
Medina, J.	DEM	R	R	R	R	--	W*	R	--	--	R	R	R	8	1	89%	76%
Melendez, M.	REP	W	W	W	W	--	--	R	--	--	W	R	R	3	5	38%	33%
Mullin, K.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	87%
Muratsuchi, A.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	88%
Nazarian, A.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	93%
Nestande, B.	REP	W	W	W	W	--	W*	R	--	--	R	W	R	3	6	33%	19%
Olsen, K.	REP	W	W	W	W	--	--	R	--	--	W	W*	R	2	6	25%	14%
Pan, R.	DEM	R	R	R	R	--	--	R	--	R	R	R	R	9	0	100%	86%
Patterson, J.	REP	W	--	W	W	--	--	R	--	--	W	W	R	2	5	29%	29%
Perea, H.	DEM	R	R	R	R	--	W	R	R	--	W	W	R	7	3	70%	62%
Peréz, J.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	92%
Peréz, V.M.	DEM	R	R	W*	R	--	W*	R	--	--	R	R	R	7	2	78%	78%
Quirk, B.	DEM	R	R	R	R	--	--	R	--	W*	R	R	R	8	1	89%	81%
Quirk-Silva, S.	DEM	R	R	R	R	--	--	R	--	--	W	W	R	6	2	75%	73%
Rendon, A.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	87%
Ridley-Thomas, S.	DEM	W*	W	W*	R	--	--	R	--	W	R	W	R	4	5	44%	44%
Rodríguez, F.	DEM	R	R	R	R	--	--	R	R	--	R	R	R	9	0	100%	100%
Salas, R.	DEM	R	R	R	R	--	W*	R	--	--	R	R	R	8	1	89%	76%
Skinner, N.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	95%
Stone, M.	DEM	R	R	R	R	R	--	R	--	--	R	R	R	9	0	100%	94%
Ting, P.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	93%
Wagner, D.	REP	W	W	W	W	--	--	R	--	W	W	W	R	2	7	22%	15%
Waldron, M.	REP	R	W	W	W	--	W	R	--	--	W	W	R	3	6	33%	29%
Weber, S.	DEM	R	R	R	R	--	--	R	--	R	R	W*	R	8	1	89%	81%
Wieckowski, B.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	93%
Wilk, S.	REP	W	W	W	W	--	W	R	--	--	R	W	R	3	6	33%	31%
Williams, D.	DEM	R	R	R	R	--	--	R	--	--	R	R	R	8	0	100%	94%
Yamada, M.	DEM	R	W	R	R	--	--	R	--	--	R	R	R	7	1	88%	93%

2014 Consumer Scorecard for State Lawmakers: Senate

Senator	Party	AB 1522 8/29 Floor	AB 1751 8/21 Floor	AB 2667 8/18 Floor	AB 802 8/18 Floor	SB 1188 5/28 Floor	SB 1256 8/11 Floor	SB 383 1/30 Floor	SB 661 1/14 Judiciary	SB 962 8/11 Floor	Total Right	Total Wrong	Percentage	Lifetime Percentage
Anderson, J.	REP	W*	W	R	W	W	R	W	--	R	3	5	38%	19%
Beall, J.	DEM	W*	R	R	R	R	R	W*	--	R	6	2	75%	94%
Berryhill, T.	REP	W	W*	R	W	W	R	W	--	W	2	6	25%	15%
Block, M.	DEM	R	R	R	R	R	R	W*	--	R	7	1	88%	93%
Calderon, R.	DEM	--	--	--	--	--	--	R	--	--	1	0	100%	50%
Cannella, A.	REP	W*	R	R	W	W	R	W*	--	R	4	4	50%	29%
Corbett, E.	DEM	R	R	R	R	R	R	R	R	R	9	0	100%	100%
Correa, L.	DEM	R	R	R	R	W	R	R	--	R	7	1	88%	56%
De León, K.	DEM	R	R	R	R	R	R	R	--	R	8	0	100%	93%
DeSaulnier, M.	DEM	R	R	R	R	R	R	R	--	R	8	0	100%	94%
Evans, N.	DEM	R	R	R	R	R	R	R	R	R	9	0	100%	96%
Fuller, J.	REP	W*	W	R	W	W	R	W	--	W	2	6	25%	16%
Gaines, T.	REP	W	R	R	W	W	R	W	--	R	4	4	50%	20%
Galgiani, C.	DEM	R	W*	R	R	W	R	W	--	R	5	3	63%	57%
Hancock, L.	DEM	R	R	--	--	R	--	R	--	--	4	0	100%	99%
Hernandez, E.	DEM	R	R	R	R	R	R	W	--	R	7	1	88%	76%
Hill, J.	DEM	R	R	R	R	R	R	W	--	R	7	1	88%	86%
Hueso, B.	DEM	R	R	R	R	W*	R	R	--	R	7	1	88%	81%
Huff, B.	REP	W	W	R	W	W	R	W	--	W	2	6	25%	15%
Jackson, H.	DEM	R	R	R	R	R	R	R	R	R	9	0	100%	100%
Knight, S.	REP	W	W	R	W	W	R	W	--	W	2	6	25%	10%
Lara, R.	DEM	R	W*	R	R	R	R	R	--	R	7	1	88%	87%
Leno, M.	DEM	R	R	R	R	R	R	R	R	R	9	0	100%	100%
Lieu, T.	DEM	W*	R	R	R	R	R	R	--	R	7	1	88%	87%
Liu, C.	DEM	R	R	R	R	R	R	R	--	R	8	0	100%	95%
Mitchell, H.	DEM	R	R	R	R	R	R	R	--	R	8	0	100%	89%
Monning, W.	DEM	R	R	R	R	R	W*	R	R*	R	8	1	89%	97%
Morrell, M.	REP	W*	W	R	W	W	R	--	--	W	2	5	29%	14%
Nielsen, J.	REP	W	W	R	W	W	R	--	--	W	2	5	29%	19%
Padilla, A.	DEM	R	R	R	R	R	R	R	--	R	8	0	100%	85%
Pavley, F.	DEM	R	R	R	R	R	R	R	--	R	8	0	100%	98%
Roth, R.	DEM	W*	R	R	W*	R	R	R	--	R	6	2	75%	81%
Steinberg, D.	DEM	R	R	R	R	R	R	R	--	R	8	0	100%	95%
Torres, N.	DEM	R	R	R	W*	W*	R	W	--	R	5	3	63%	73%
Vidak, A.	REP	W	R	R	W	W	R	W	W	W	3	6	33%	29%
Walters, M.	REP	W	--	R	W	W	R	W	--	W	2	5	29%	9%
Wolk, L.	DEM	R	R	R	W*	R	R	R	--	R	7	1	88%	92%
Wright, R.	DEM	--	--	--	--	--	--	--	--	--	0	0	--	65%
Wyland, M.	REP	W	W*	R	W	W	R	W	--	R	3	5	38%	23%
Yee, L.	DEM	--	--	--	--	--	--	R	--	--	1	0	100%	81%

ABOUT US

The Consumer Federation of California (CFC) is a non-profit advocacy organization. Since 1960, CFC has been a powerful voice for consumer rights, campaigning for state and federal laws that place consumer protection ahead of corporate profit. Each year, CFC testifies before the California legislature on dozens of bills that affect millions of our state's consumers and appears before state agencies in support of consumer regulations.

Contributions are not tax deductible.

KEEP IN TOUCH

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► **GEICO**, CONTINUED FROM FRONT PAGE quotes is a separate violation of California insurance law.

The resulting premium quotes range from 40% to 54% higher, and are \$75 to \$132 more costly for six months' coverage for a 14-year-old compact car (CFC's test quotes were for a 2000 Honda Civic), than the quote an otherwise identical driver would receive if that driver were married, or a college graduate, or in a higher-income occupation, or currently insured.

Targeted motorists either pay for excessive coverages they are falsely told are the lowest available, or GEICO drives them away with its costly quotes. Either way, GEICO is breaking California's insurance regulations and civil rights law, CFC alleges.

The civil rights complaint is based on GEICO's discriminatory treatment of unmarried consumers, as well

as discriminatory treatment of women in the recent past, which is documented in CFC's filing.

Compounding the misrepresentation of "Lowest Limits," GEICO quotes these targeted consumers a six-month premium payment amount. All other good drivers are quoted a one-month amount. As a result of this disparate presentation, big, bold type shows targeted drivers a cost that's as much as 900% higher than what the website shows an identical college grad, married, insured, or upper-income occupation driver.

State insurance regulations do not permit use of education, occupation, or prior insurance as "rating factors," and therefore an insurer should not require a potential customer to furnish this information before it provides a rate quote, the CFC charges in additional allegations. An insurer may use marital status in setting rates – but not to mislead unmarried drivers about minimum coverage amounts.

CFC's complaint, formally called a petition, cites this example:

A single woman living in Fresno with

a perfect driving record who is not a college graduate, who works as a vice president in a private company and has no prior insurance, will be offered a "Lowest Limits" quote on GEICO's website for a 15/30/25 policy at \$162.18 for a six-month period (\$324.36 per year). If that same woman indicates on GEICO's website that she instead works as a cashier, she will be offered a 100/300/50 policy, described as a "Lowest Limits" policy, for \$289.68 over six months (\$579.36 per year).

The same switch in online rate quotes occurs if the driver changes educational attainment from college graduate to high school graduate, or from married to unmarried, or from insured to uninsured.

GEICO is the nation's second-largest auto insurer, with one million auto policyholders in California who pay over a billion dollars per year for their coverage.

The company is subject to fines of \$5,000 to \$10,000 for each violation, which could number into the millions, given the relentless marketing of its online quotes.

