



**RICARDO LARA**  
CALIFORNIA INSURANCE COMMISSIONER

May 10, 2019

**NOTICE OF INVESTIGATORY HEARING ON  
THE USE OF GROUP RATING  
IN PRIVATE PASSENGER AUTOMOBILE INSURANCE**

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Insurance Commissioner Ricardo Lara will convene an investigatory hearing pursuant to California Insurance Code section 12924 to gather evidence and ascertain the facts regarding insurers' use of occupational, educational, and other group rating practices, or so-called "affinity groups," and how such use of these groups affects the rates for California private passenger automobile insurance.

Like his predecessors before him, Commissioner Lara continues to receive consumer complaints alleging that insurers in California improperly utilize drivers' occupation, educational attainment, or other "affinity group" criteria to establish private passenger automobile insurance premiums. Insurance Code section 1861.12 permits insurers to issue insurance coverage on a group basis; however, the rates charged for any group insurance are also required to comply with other applicable California laws, including but not limited to, Insurance Code sections 1861.02 and 1861.03.

The Commissioner is concerned by the allegations that Californians with similar driving characteristics may not qualify for a particular insurer's automobile group rate because of their occupation, educational attainment, or other "affinity group" criteria. For the first time in the Department's history, the Commissioner will conduct an investigatory hearing on the subject of group automobile insurance premiums to gather concrete facts and gain a greater understanding regarding how group rates impact different classes of drivers. Specifically, the Commissioner intends to investigate whether insurers' use of "group" insurance rates in California increases the cost of insurance for lower-wage, less-educated consumers, or for classes of consumers protected by the Unruh Civil Rights Act. Ultimately, the Commissioner is committed to protecting all California drivers from improper rating practices, and ensuring that everyone is treated fairly and equitably.

Prior to the investigatory hearing, the Commissioner will communicate with stakeholders and other interested persons, inviting them to provide information in response to the Commissioner's specific questions in advance of the hearing. The Commissioner's questions will focus on the manner in which rates and rating practices are used for group private passenger automobile insurance in California.

The Commissioner may issue subpoenas pursuant to California Insurance Code section 12924(a) for documents and live testimony in advance of the public hearing. Whether the Commissioner will issue subpoenas will depend upon the extent to which stakeholders are able to voluntarily provide him with comprehensive answers to his specific questions.

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Page 2

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**Date, Time and Location**

Dates: Tuesday, September 17 and (if necessary) Wednesday, September 18, 2019

Time: 10:00 am

Location: Ronald Reagan State Building  
California Department of Insurance  
300 South Spring Street, 1<sup>st</sup> Floor - Auditorium  
Los Angeles, CA

**ATTENDANCE**

This hearing will be open to the public. To make it easier for attendees to gain access to the secure facility where the hearing will be held, please RSVP as soon as possible, but no later than 5:00 p.m. on Monday, September 2, 2019 by providing your name(s), the name of the organization you represent, and your contact information, including email address of each attendee, to [CDIRegulations@insurance.ca.gov](mailto:CDIRegulations@insurance.ca.gov).

The facility for this hearing is accessible to persons with mobility impairments. We ask that persons with sight or hearing impairments make special arrangements when they RSVP.

**CONTACT PERSONS**

All substantive questions and concerns regarding this hearing should be directed to Lisbeth Landsman-Smith. All logistical inquiries should be directed to Kathryn Taras.

**RSVP and Logistical Inquiries**

Kathryn Taras  
Analyst  
California Department of Insurance  
300 Capitol Mall, 16th Floor  
Sacramento, CA 95814  
Phone: (916) 492-3675  
[CDIRegulations@insurance.ca.gov](mailto:CDIRegulations@insurance.ca.gov)

**Substantive Inquiries**

Lisbeth Landsman-Smith  
Senior Staff Counsel  
California Department of Insurance  
300 Capitol Mall, 16th Floor  
Sacramento, CA 95814  
Phone: (916) 492-3561  
[Lisbeth.Landsman@insurance.ca.gov](mailto:Lisbeth.Landsman@insurance.ca.gov)