



**CASUALTY ACTUARIAL SOCIETY
2006 ANNUAL MEETING**

San Francisco, California
November 13-14, 2006

**AUTO INSURANCE PREMIUMS IN CALIFORNIA:
GIVING GREATER WEIGHT TO HOW WELL YOU DRIVE THAN TO
YOUR ZIP CODE AND OTHER OPTIONAL FACTORS**

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Proposition 103

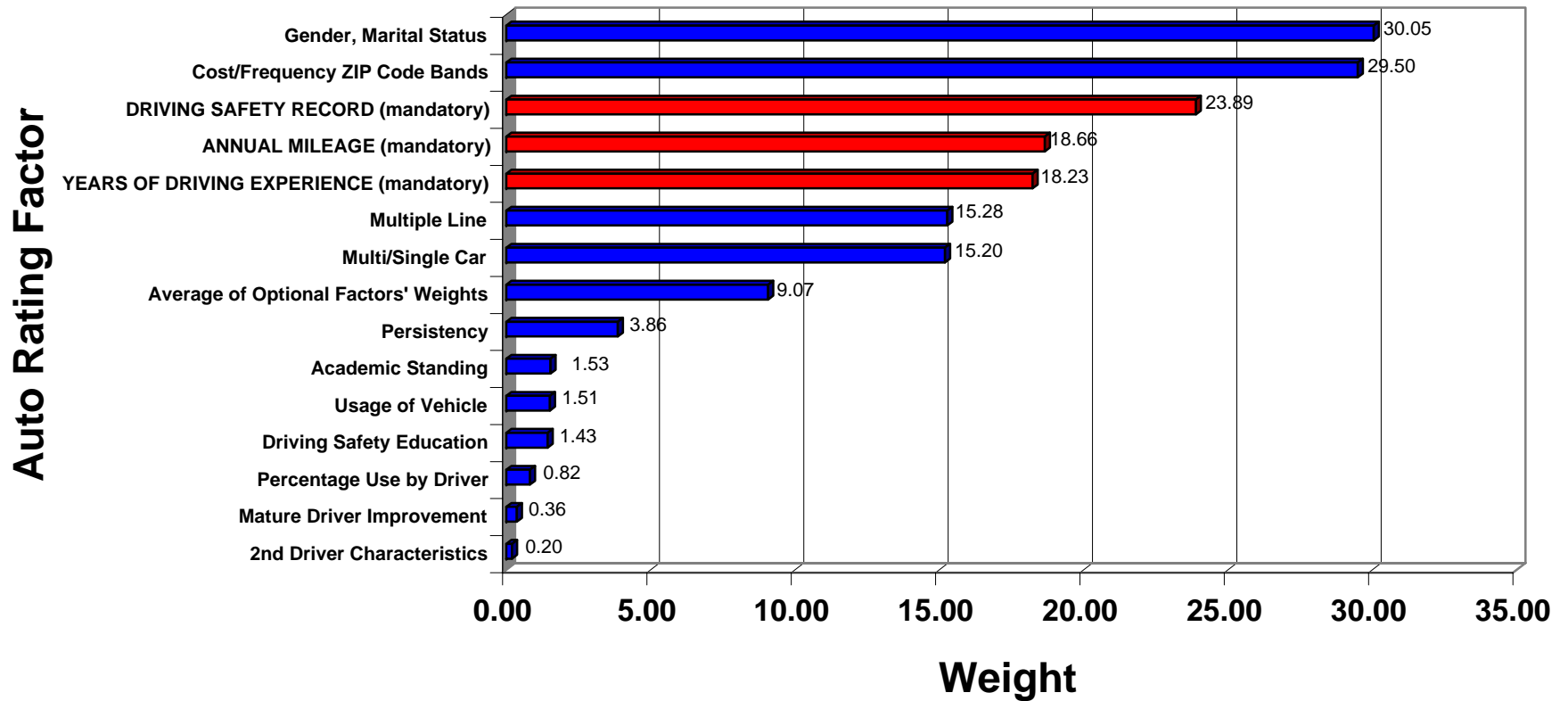
Enacted November 8, 1988, by the Voters of California

[Section] 1861.02(a). Rates and premiums for an automobile insurance policy, as described in subdivision (a) of Section 660, shall be determined by application of the following factors in decreasing order of importance:

- (1) The insured's driving safety record.
- (2) The number of miles he or she drives annually.
- (3) The number of years of driving experience the insured has had.
- (4) Such other factors as the commissioner may adopt by regulation that have a substantial relationship to the risk of loss. The regulations shall set forth the respective weight to be given each factor in determining automobile rates and premiums. Notwithstanding any other provision of law, the use of any criterion without such approval shall constitute unfair discrimination.

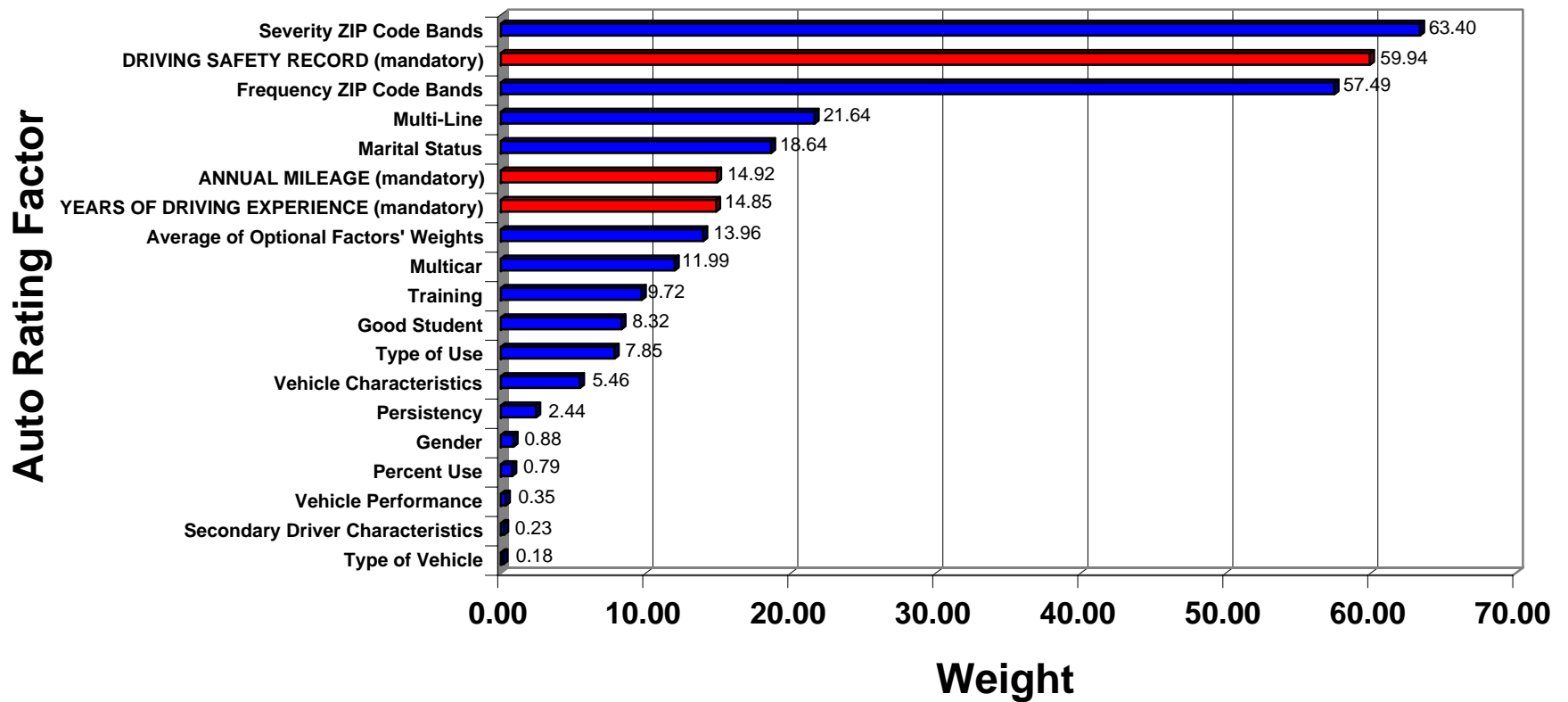
Insurers Give Greater Weight to Where You Live, and Your Gender and Marital Status, Than to How Well You Drive

Rating Factors Used by One of California's Largest Automobile Insurers
Bodily Injury/Property Damage Coverage, 2004 Class Plan



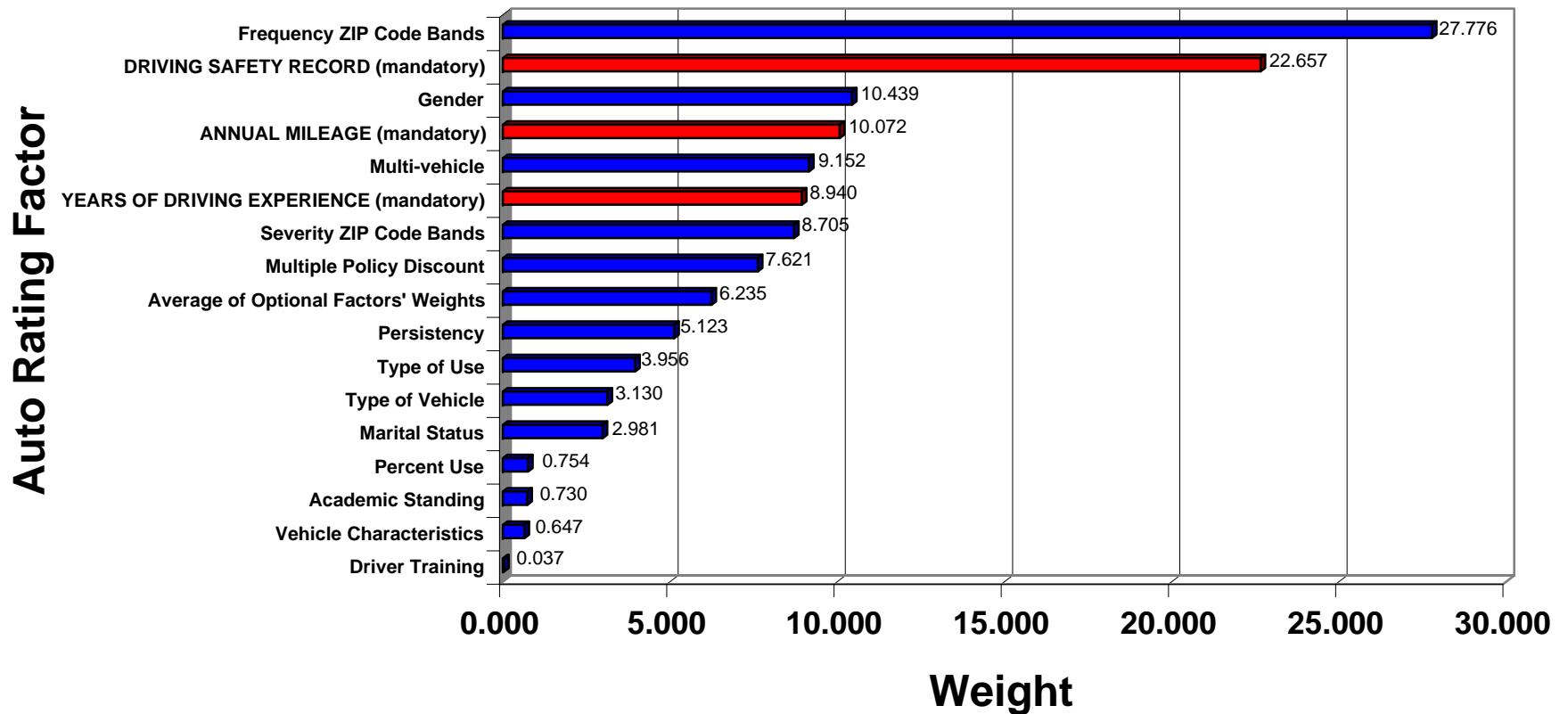
Insurers Give Greater Weight to Where You Live, and Your Marital Status, Than to How Well You Drive

Rating Factors Used by One of California's Largest Automobile Insurers
Bodily Injury/Property Damage Coverage, 2002 Class Plan



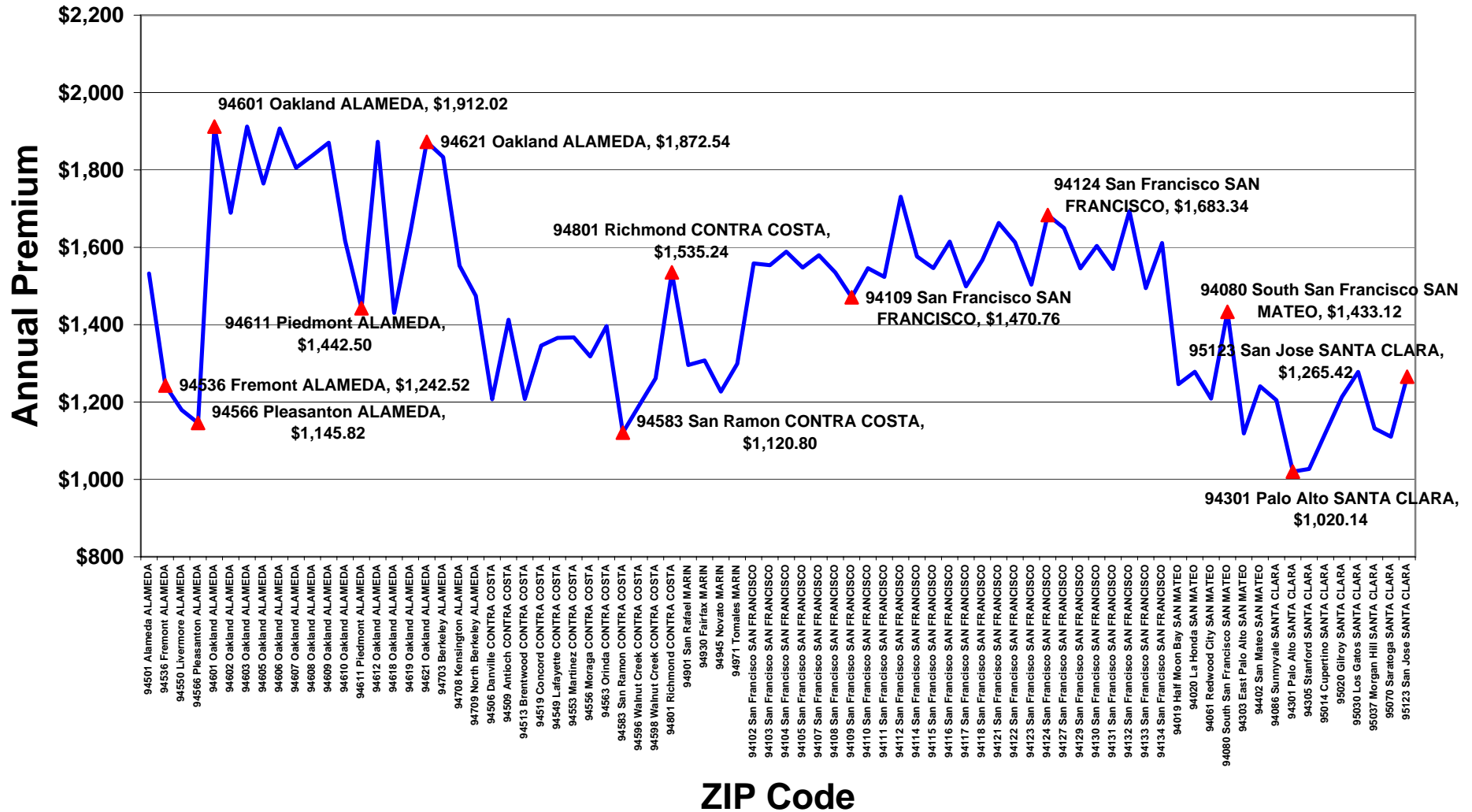
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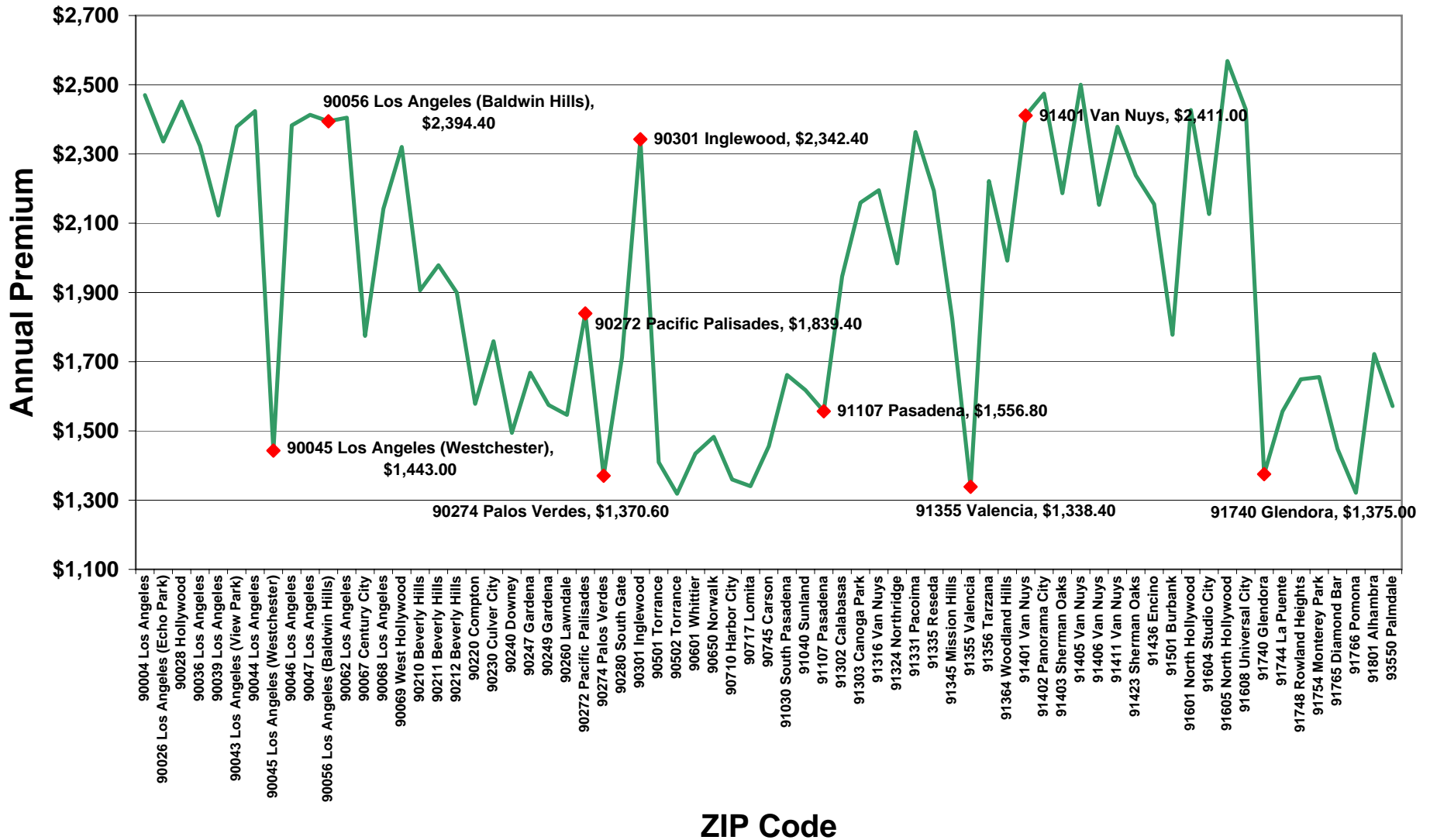
\$891 or 87% Increase for Same Good Driver, Same Coverage

ZIP Codes in San Francisco Bay Area
 Female Good Driver, Licensed 22 Years, No Accidents/Violations, Standard Coverage



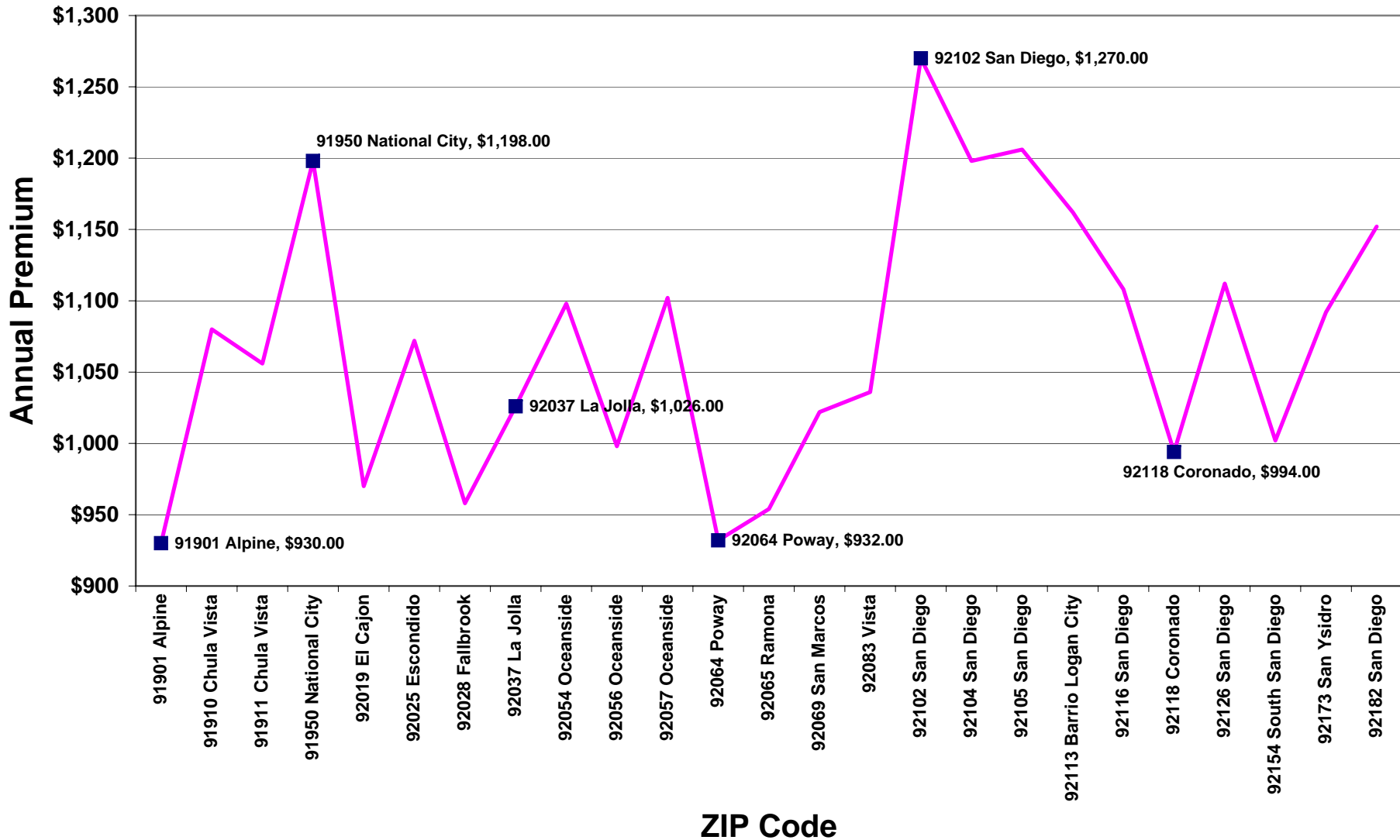
\$1,249 or 94% Increase for Same Good Driver, Same Coverage

ZIP Codes in Los Angeles Region
 Female Good Driver, Licensed 22 Years, No Accidents/Violations, Standard Coverage



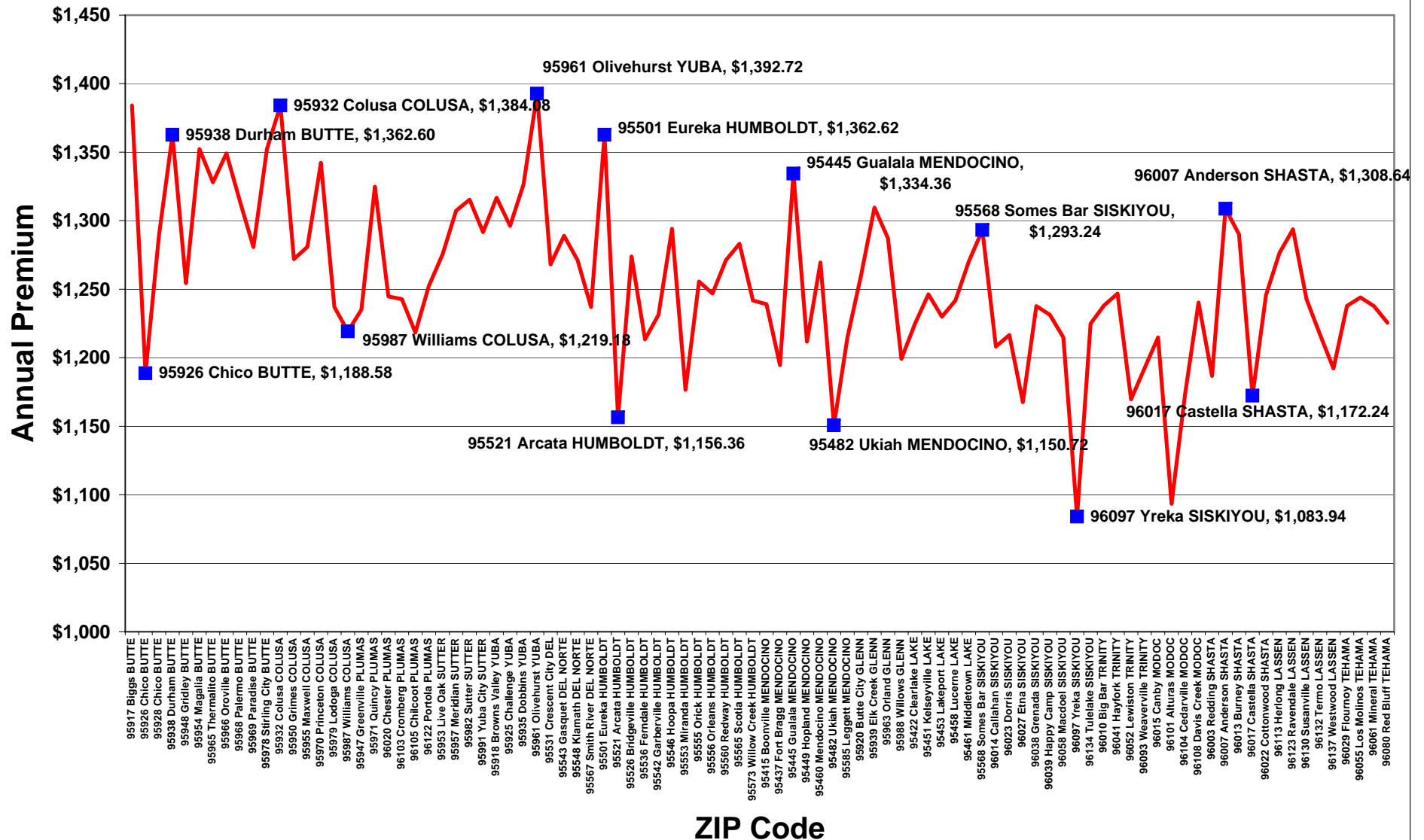
\$340 or 36% Increase for Same Good Driver, Same Coverage

ZIP Codes in San Diego Region
 Female Good Driver, Licensed 22 Years, No Accidents/Violations, Standard Coverage



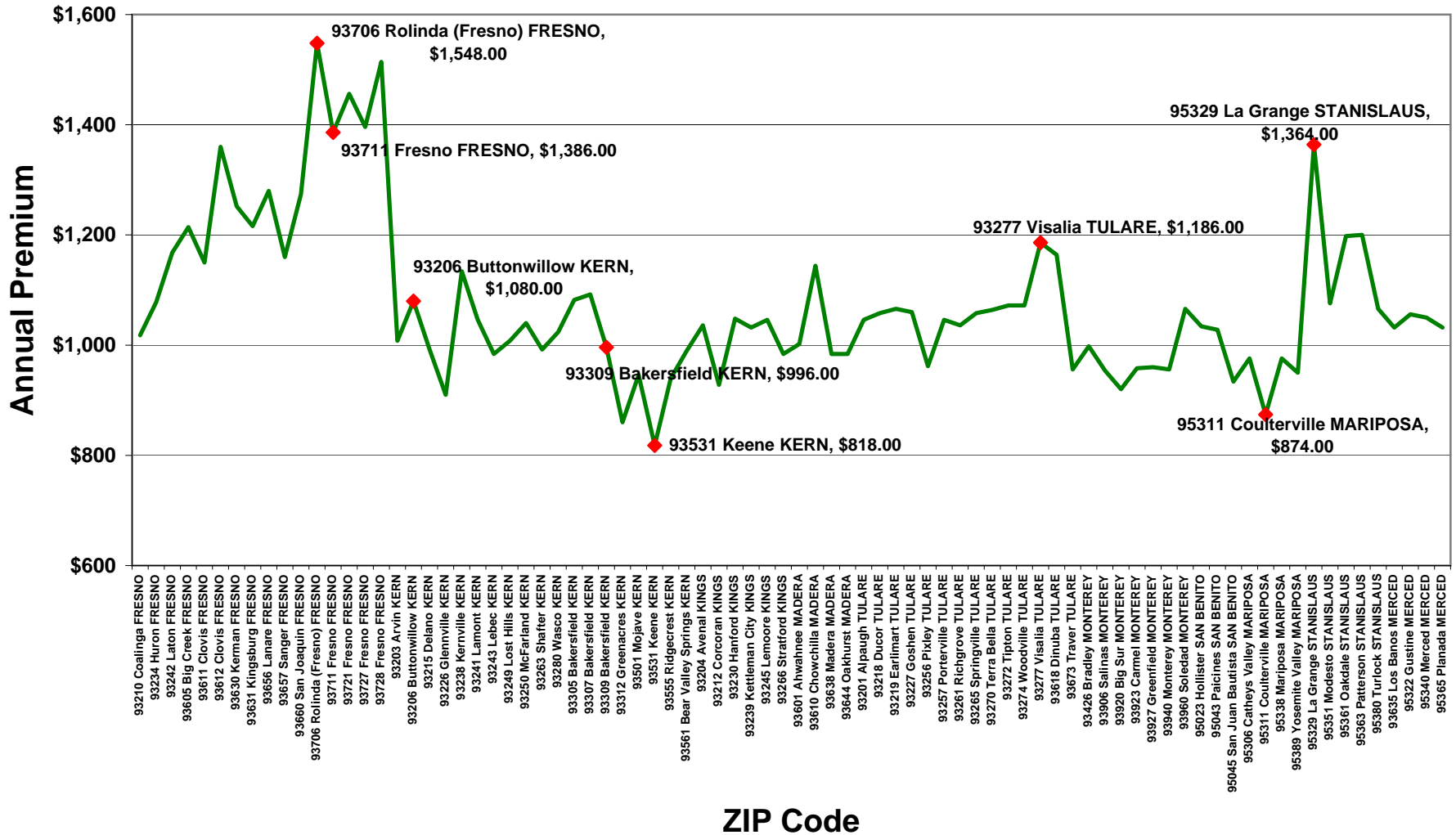
\$308 or 28% Increase for Same Good Driver, Same Coverage

ZIP Codes across Northern California
 Female Good Driver, Licensed 22 Years, No Accidents/Violations, Standard Coverage



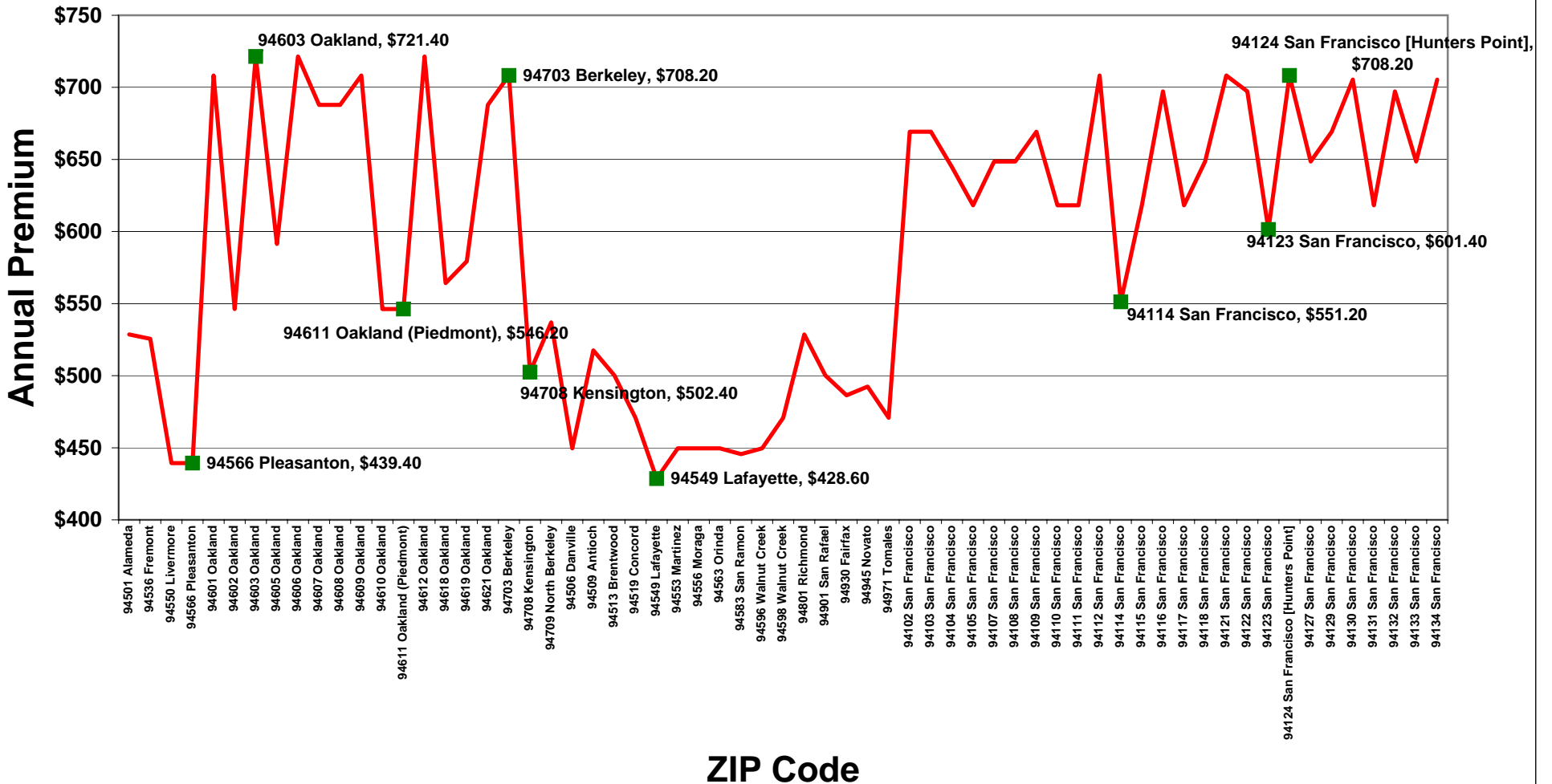
\$730 or 89% Increase for Same Good Driver, Same Coverage

ZIP Codes in Central Valley Region
 Female Good Driver, Licensed 22 Years, No Accidents/Violations, Standard Coverage



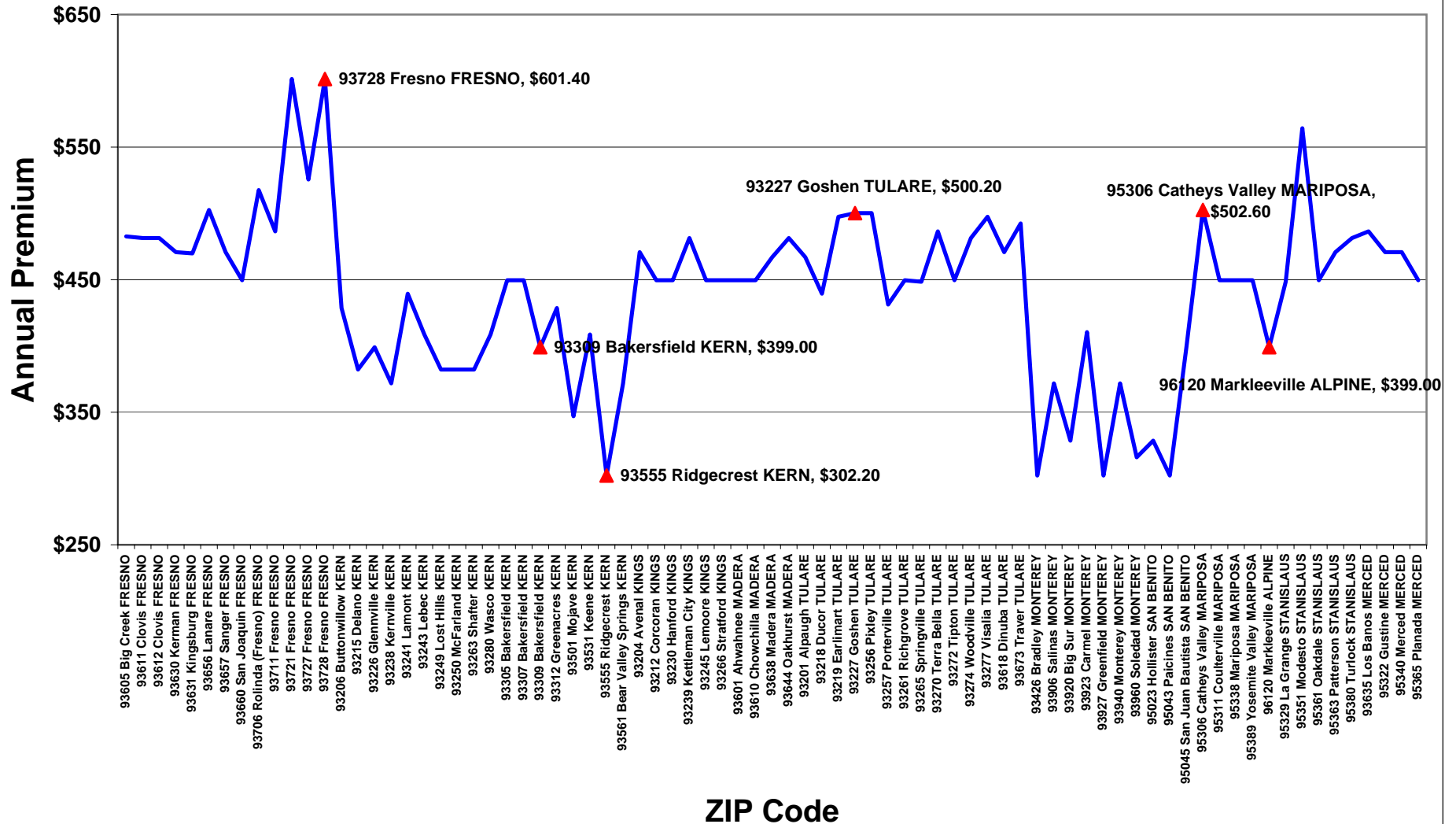
\$292 or 68% Increase for Same Good Driver, Same Coverage

ZIP Codes in San Francisco Bay Area
 BI/PD Liability Coverage Only
 Female Good Driver, Licensed 22 Years, No Accidents/Violations



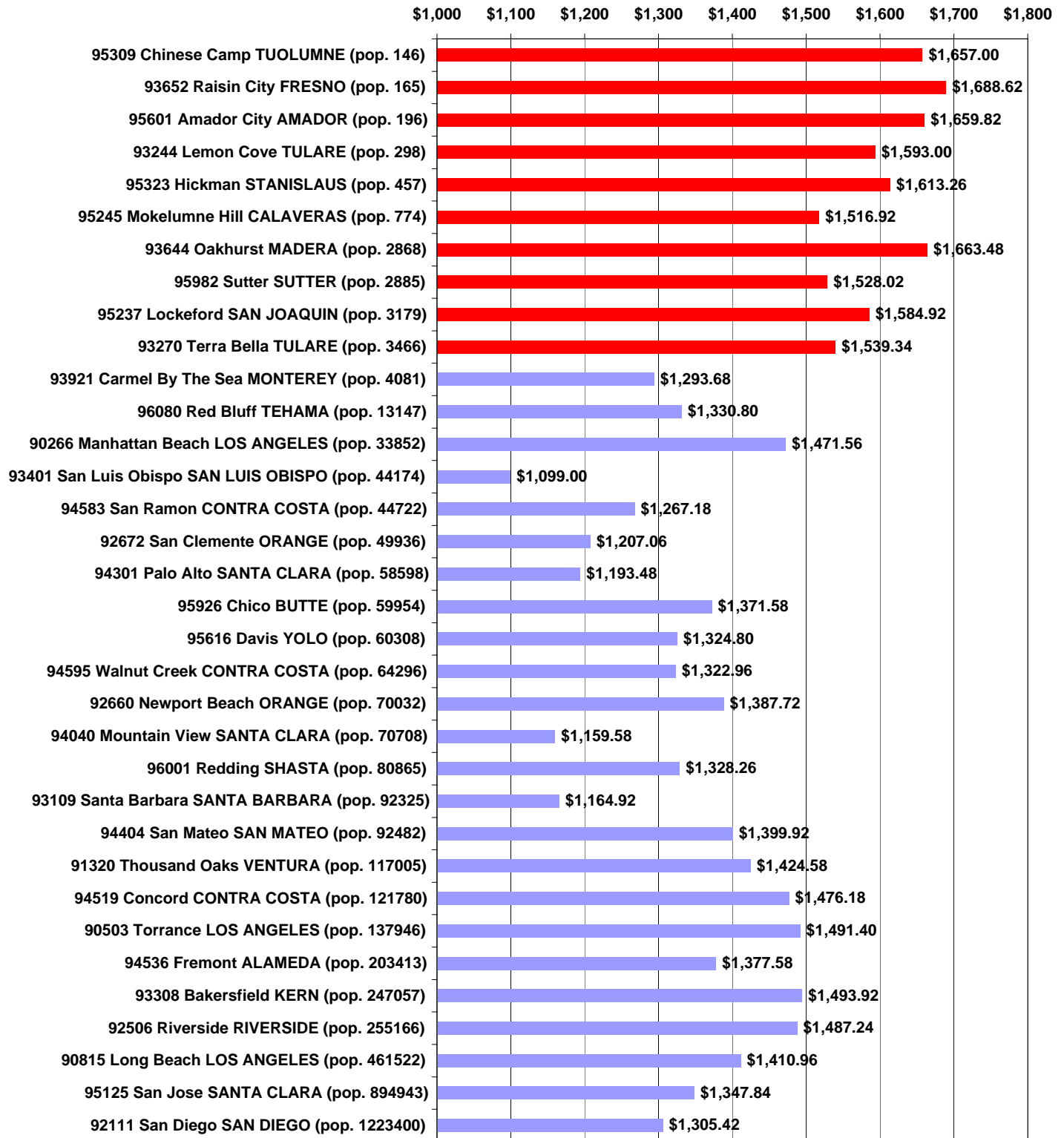
\$299 or 99% Increase for Same Good Driver, Same Coverage

ZIP Codes in Central Valley Region
 BI/PD Liability Coverage Only
 Female Good Driver, Licensed 22 Years, No Accidents/Violations



Insurers Charge the Same Good Driver in Rural Towns More than in "Urban" and "Suburban" Cities

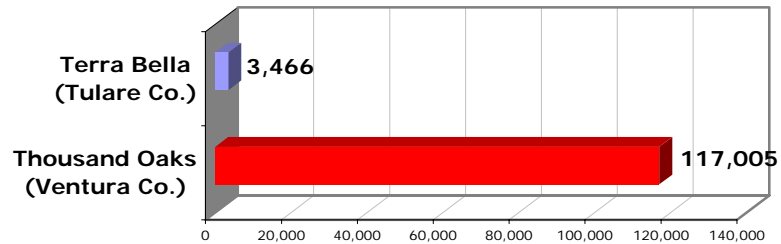
When Insurers Can Manipulate Your Premium Based Primarily on Where You Live, Not How You Drive, Good Drivers in Small Rural Towns Can Pay More



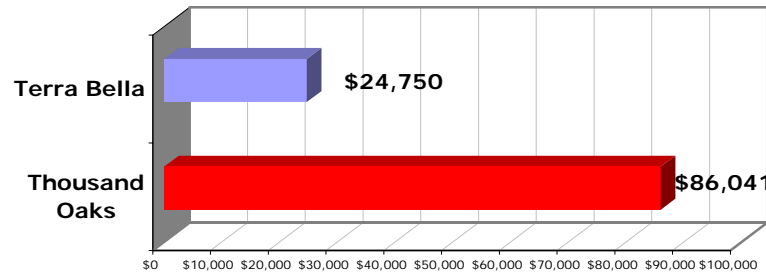
Small Town Pays More Than Much Bigger City

ZIP-Code Based Auto Rates Hurt Rural Communities, Too

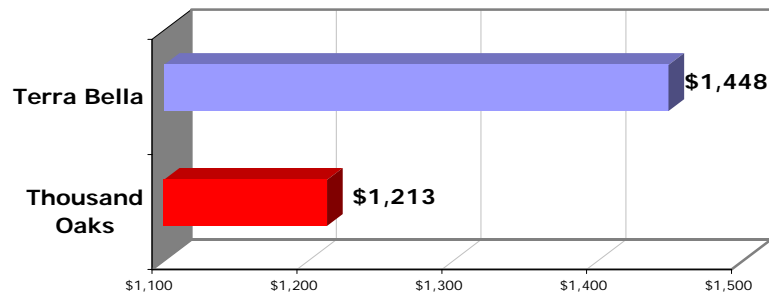
Population



Median Family Income

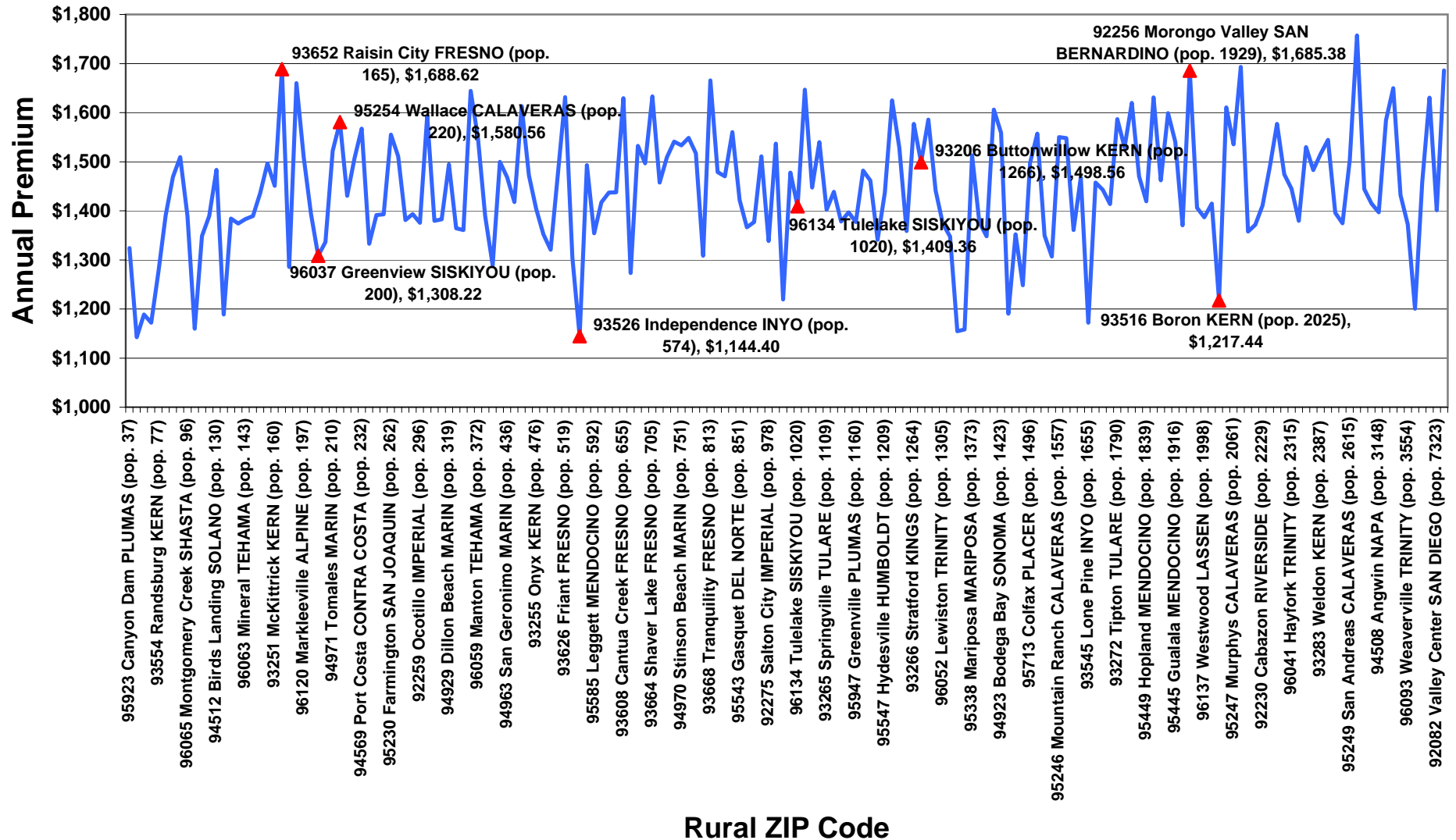


Good Driver Insurance Premium



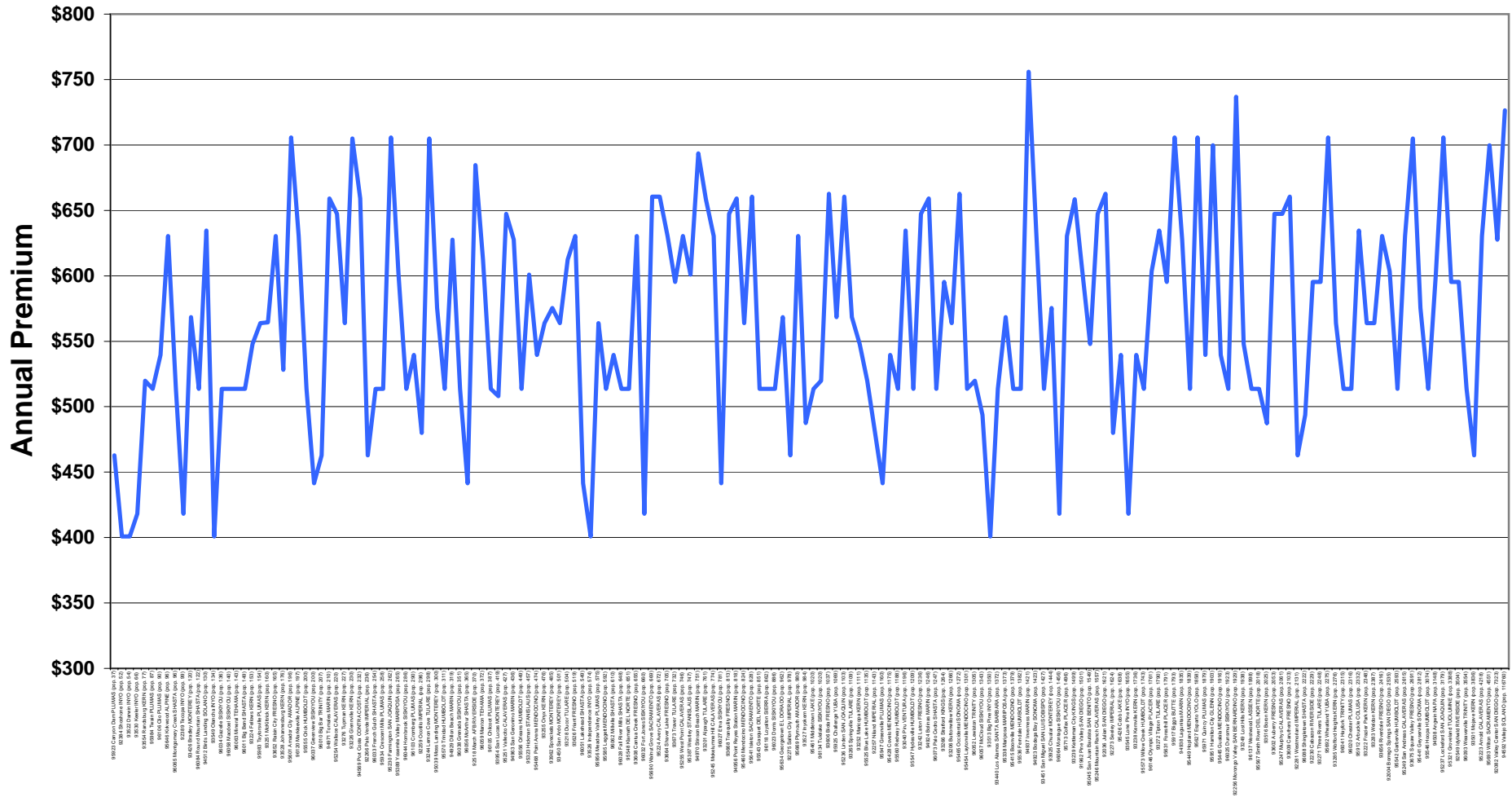
\$614 or 53% Increase for Rural Good Drivers when Insurers Base Premiums Primarily on ZIP Code, Not Driving Record

100% Rural ZIP Codes per Census 2000
 Female Good Driver, Licensed 22 Years, No Accidents/Violations, Standard Coverage



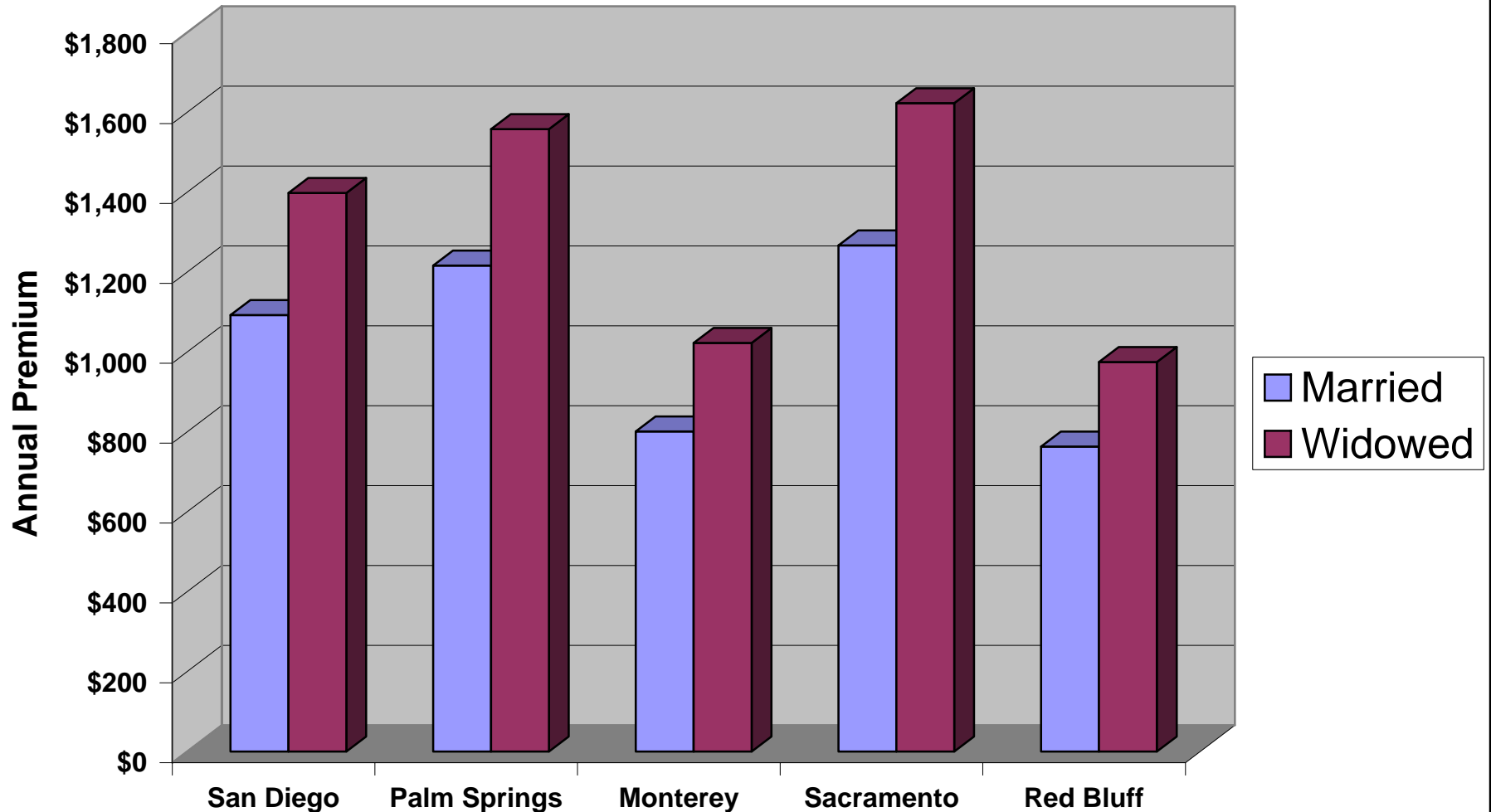
\$355 or 88% Increase for Rural Good Drivers when Insurers Base Premiums Primarily on ZIP Code, Not Driving Record

100% Rural ZIP Codes per Census 2000
 BI/PD Liability Coverage Only
 Female Good Driver, Licensed 22 Years, No Accidents/Violations

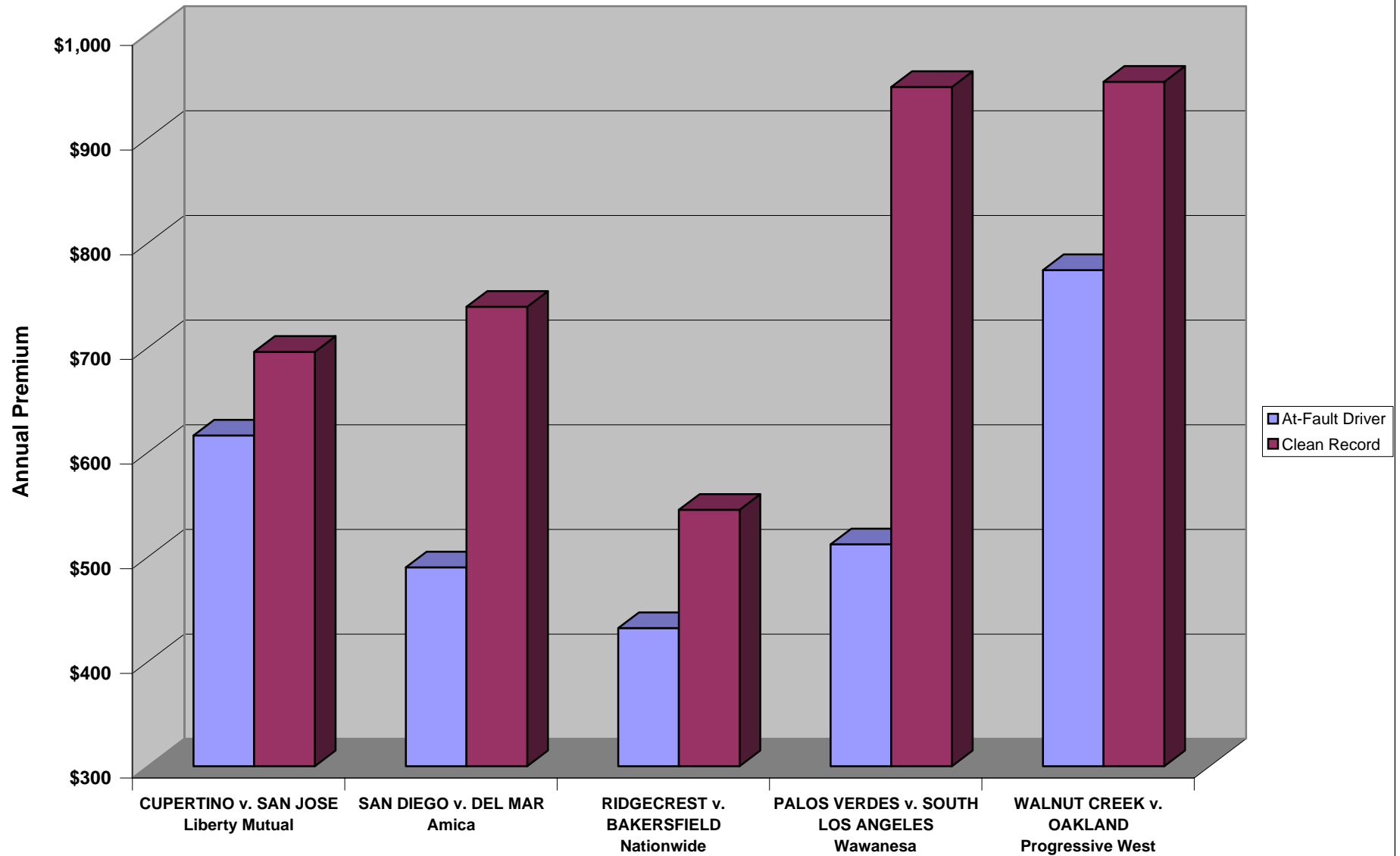


Rural ZIP Code

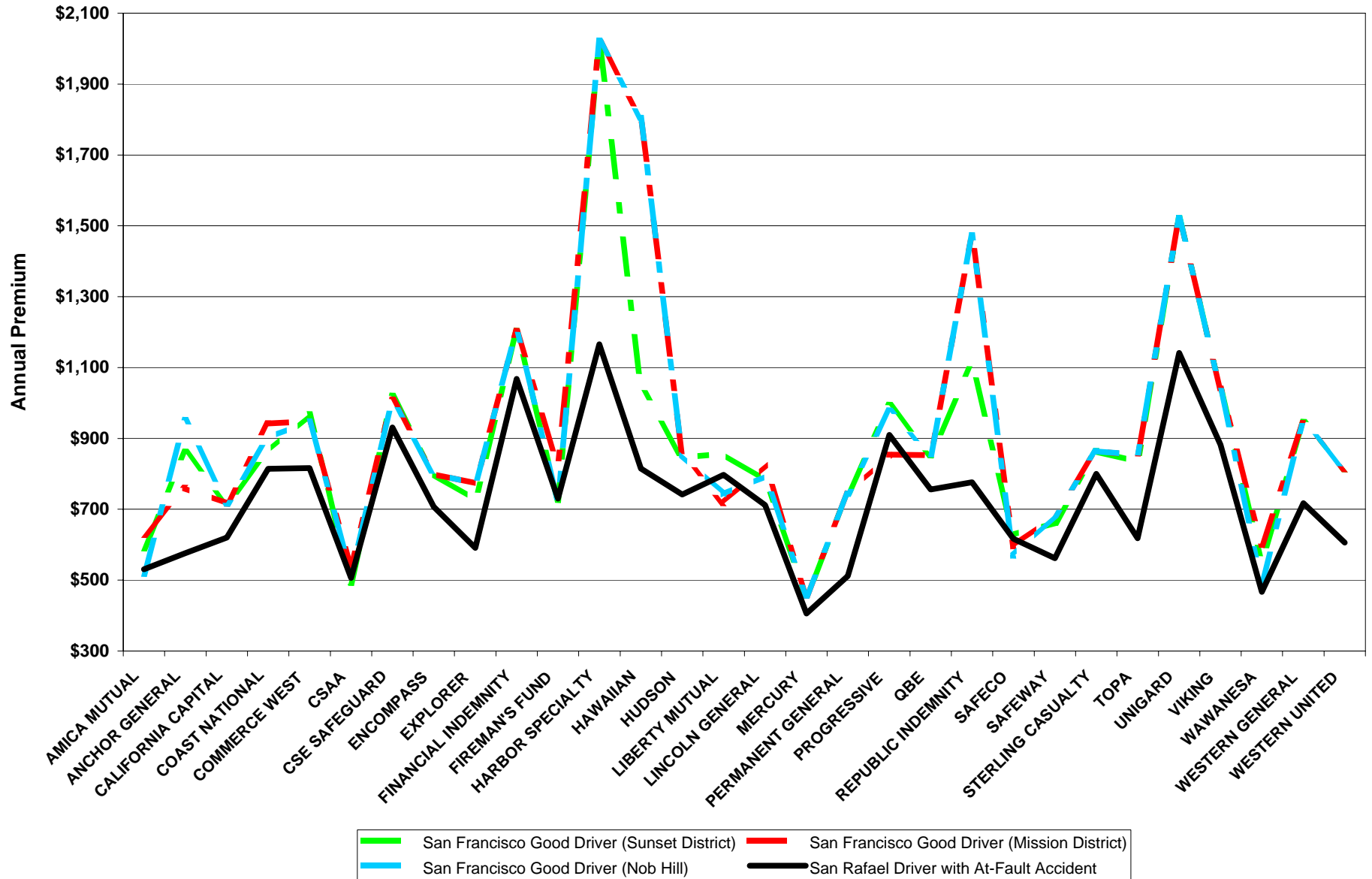
Widowed Drivers Pay 28% More at GEICO, Because of Marital Status



Good Drivers Pay More than At-Fault Drivers, Because of ZIP Code



San Francisco Driver with Clean Record Pays More for Basic Liability Insurance Than Marin Driver with At-Fault Accident, Because of ZIP Code



REGULATION § 2632.8(A)

Adopted May 22, 1996

Effective August 4, 1996

§ 2632.8. Factor Weights

(a) For each type of coverage, four factor weights shall be evaluated. These four weights are: one weight for each of the three mandatory factors listed in Section 2632.5(c)(1) through (3) and one for all the optional factor (from Section 2632.5(d)) weights averaged together.

AMENDED REGULATION § 2632.8(A)

Adopted June 2, 2006

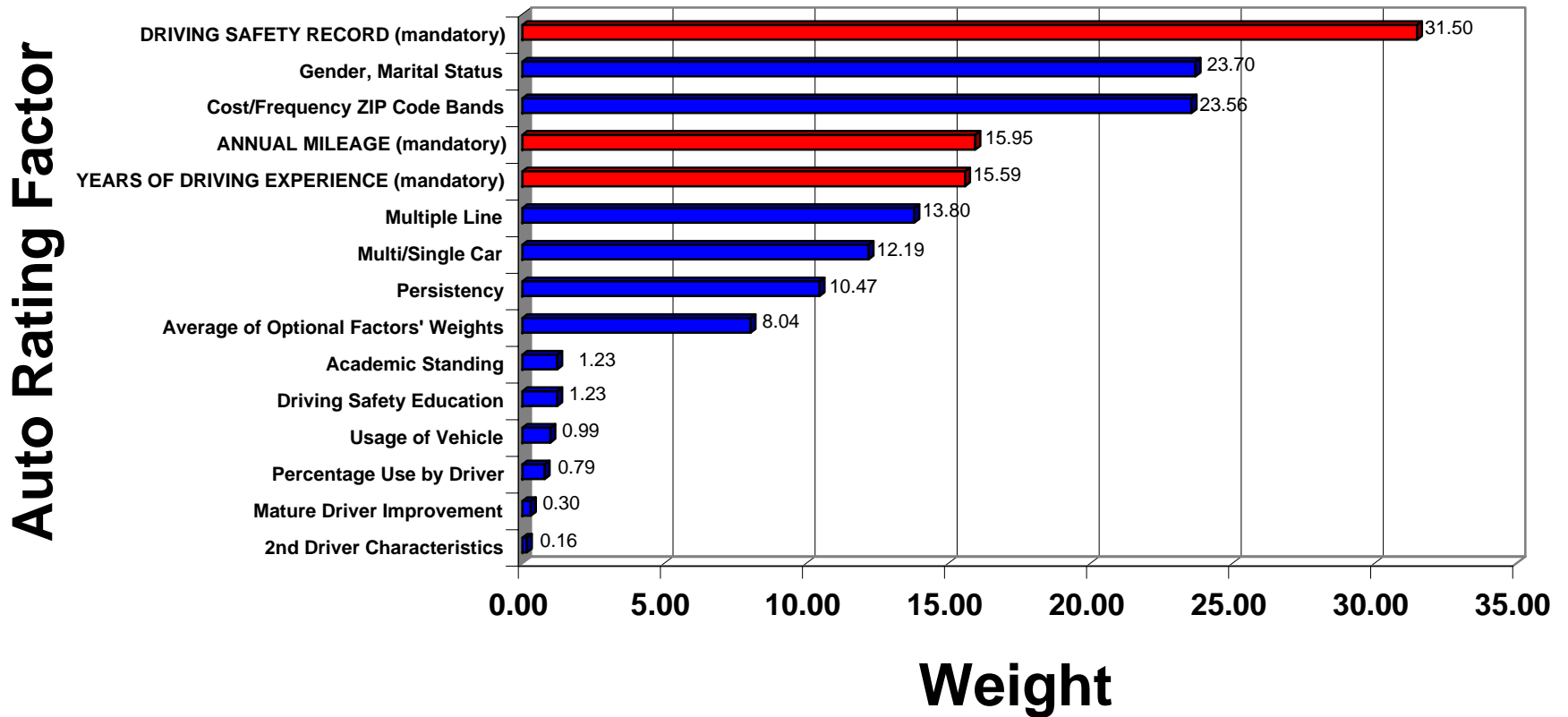
Effective August 13, 2006

Section 2632.8. Factor Weights.

(a) For each type of coverage, factor weights shall be calculated for each of the three mandatory factors listed in Section 2632.5(c)(1) through (3) and for each of the optional factors the insurer elects to utilize in its class plan from Section 2632.5(d). . . .

Amended Regulation § 2632.8 in Operation Partial Compliance under Transition Plan

**Rating Factors Used by One of California's Largest Automobile Insurers
Bodily Injury/Property Damage Coverage, 2006-2007 Class Plan**



Amended Regulation § 2632.8 in Operation Partial Compliance under Transition Plan

**Rating Factors Used by One of California's Largest Automobile Insurers
Bodily Injury Coverage, 2006-2007 Class Plan**

