



Consumer Federation of America

CENTER for
ECONOMIC
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FAIR TREATMENT

June 25th, 2020

Dear Commissioner,

Today, California Insurance Commissioner Ricardo Lara extended his order for auto insurers to provide pandemic-related premium relief for April and May to now include relief for June and to continue providing relief for any period after June as conditions warrant based on actual insurer claims experience reported to the insurance department. Commissioner Lara's actions recognize the ongoing need for refunds beyond May 31, 2020 due to the pandemic and its effects.

Driving declined sharply throughout the nation during the months of March, April, and May as a result of stay-at-home orders, job losses, business closures, and school closures. While miles driven and auto crashes are slowly increasing from the nadir this spring, the pandemic's impact on auto insurance risk exposure is far from over and will last for many months. Indeed, as COVID-19 daily case counts approach record levels in the United States, many Americans are still working from home due to safety concerns, and many businesses and venues remain closed. Many more still remain unemployed. Even after the pandemic ends, when a safe and effective vaccine is widely available, driving will likely not return to pre-pandemic levels as many businesses have closed, many others (such as Nationwide Mutual Insurance Company and Twitter) have decided to allow more of their employees to work from home, and society generally will take time to adjust to a new post-pandemic normal.

Our review of company announcements indicates that many insurers who offered premium relief for April and May are not continuing to offer relief for June and beyond – despite the reduction in miles driven and crashes from the levels assumed for rates in effect on March 1. It is no less urgent for you to take action now as it was in mid-March to meet your statutory requirements to ensure consumers do not pay excessive premiums.

We ask you to respond to this letter with a description of the actions you plan to take to address excessive auto insurance premiums for June and beyond – for current and new policyholders – and, if you do not plan to take any action, your explanation for the inaction.

Sincerely,

J. Robert Hunter
Director of Insurance

Birny Birnbaum
Executive Director

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