

**FROM THE OFFICES OF COUNCILMEMBERS
WENDY GREUEL
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**GREUEL, ROSENDAHL URGE MERCURY INSURANCE TO
STOP ZIP CODE PROFILING**

Los Angeles City Councilmembers Wendy Greuel and Bill Rosendahl were joined today by Council President Eric Garcetti, and Councilmembers Janice Hahn and Jan Perry to urge Mercury Insurance to forgo plans to bankroll a statewide ballot initiative that would wipe out Proposition 103's mandate to eliminate ZIP-code profiling by insurance companies. Councilmembers Rosendahl and Greuel will introduce a motion to the City Council this morning to formalize the city's position against Mercury's ballot initiative.

Proposition 103, passed by California voters in November 1998, provides that automobile insurance rates shall be determined primarily by a driver's safety record and mileage driven, not by their ZIP-code.

"According to Mercury Insurance, a good driver living in South Los Angeles should pay more than a good driver living in Westwood, simply because of where they live," said City Council President Pro Tem Wendy Greuel. "As we celebrate the life and accomplishments of Dr. Martin Luther King, Jr., we urge Mercury Insurance to raise the bar for the auto insurance industry and abide by the spirit and law of Proposition 103 by establishing premiums based on driving records, not on zip codes."

"Penalizing drivers for living in certain zip codes is a discriminatory practice that furthers the disparity between our city's rich and poor," said Councilmember Bill Rosendahl. "Car insurance rates should be determined by a person's driving record not a person's place of residence."

A recent study by Consumers Union found that insurance companies require good drivers living in California's predominantly African-American and Latino ZIP-codes to pay substantially more for insurance than good drivers in mostly white communities.

(more)

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The report found that female drivers in predominantly Latino and African American communities pay 13% and 60% more respectively, than a female driver with an identical driving record in a predominantly white community.

Last month Insurance Commissioner John Garamendi announced new rules to further reduce the use of ZIP-codes to determine auto insurance premiums that will finally and fully implement the spirit of Proposition 103.

Nevertheless, Mercury Insurance Company is the sole insurance company backing an initiative for the November 2006 statewide ballot to nullify those rules and restore territorial rating, which if approved, would turn back the clock on the civil rights struggle for fairness and justice in the auto insurance market.

The Mercury Insurance initiative would, among other things, prevent the state from fully carrying out Proposition 103's mandate to greatly reduce insurers' use of ZIP codes in setting their rates. The initiative would also reinstate higher rates for drivers who let their insurance lapse or did not have continuous insurance – even if they did so because they did not own a car. The proposed measure could also greatly weaken the Insurance Commissioner's oversight of rate hikes.

"Drivers in California have fought to end discrimination by neighborhood, and the protections they have won are sound and should stay in place," said Council President Eric Garcetti. "Mercury, do the right thing. Judge drivers by their driving records, not by their property values."

"We have been fighting this fight for fair insurance rates for years. My father, the late Supervisor Kenny Hahn, fought hard to pass Proposition 103 to see that people are judged by their record, not their zip code. This is a civil rights issue and Mercury insurance should be ashamed," said Councilwoman Janice Hahn.

"Californians will get immediate increases in their insurance rates if Mercury's ballot initiatives are approved. Mercury's efforts to return California to the days of price-gouging and other abuses must be defeated," said Harvey Rosenfield, Author of Proposition 103 and Founder of the Foundation for Taxpayer and Consumer Rights.

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