



August 16, 2012

Mr. Orson Aguilar
Executive Director
Mr. Samuel Kang
General Counsel
Greenlining Institute
1918 University Avenue, 2nd Floor
Berkeley, CA 94704

RE: Proposition 33

Dear Mr. Aguilar and Mr. Kang:

We are writing to urge you to reconsider your shocking support for Proposition 33 and the auto insurance redlining it seeks to legalize. Greenlining purports to represent the very low-income drivers who will be hurt the most if Proposition 33 is approved next November, allowing insurance companies to surcharge Californians who stop driving for legitimate reasons and then choose to get back on the road.

In 1985, civil rights groups and community activists dedicated to improving the economic conditions of California's poor communities filed *King v. Meese*, 43 Cal.3d 1217, to challenge redlining and other forms of auto insurance discrimination. They could not have imagined that, a quarter century later, a face of the insurance industry's attack on their hard-won civil rights would be the Greenlining Institute.

A 1984 change in the law made it mandatory for drivers to purchase auto insurance, yet insurance was prohibitively expensive, if available at all, for many of California's urban poor. As the lawsuit pointed out – and the California Supreme Court acknowledged – the rampant practice of surcharging, or refusing to sell insurance to, people who were not previously insured was one of the most pernicious of the discriminatory techniques employed by the insurance industry. After the California Supreme Court referred the plaintiffs to the legislative branch and state politicians proceeded to ignore the calls for reform, civil rights groups and consumer activists organized a grassroots campaign in 1988 to enact anti-discrimination rules at the ballot box through Proposition 103.

In signing the ballot argument for Proposition 33, you have aligned yourself with George Joseph and Mercury Insurance, the most persistent partisans for the legalization of the old redlining tricks that made auto insurance inaccessible to low-income families and communities of color for decades.

If Proposition 33 were to become law, it would harm the very communities that you so often and loudly claim to represent:

- When low-wage workers who commute by bus need to get a car in order to maintain their job, they will be surcharged by about 40% for auto insurance;
- When immigrant drivers are finally able to obtain a California driver's license and try to buy insurance, they will be forced to pay hundreds and possibly thousand of dollars more than the drivers who purchased insurance in the past, even though they are equally good drivers;
- When drivers who have found it financially impossible to maintain uninterrupted insurance coverage turn to the auto insurance market in hopes of complying with the mandatory insurance law, they will face a financial penalty for being poor;
- Those who cannot afford these massive surcharges will be exposed to penalties and seizure of their vehicles for failure to comply with the Financial Responsibility Law.

Proposition 33 would return California to the days when millions were told that the only way to get reasonably-priced insurance is if they had bought it in the past. Just last week, a Sacramento Superior Court denied a lawsuit brought by your Proposition 33 allies against the Attorney General and citizen advocates attempting to remove that fact from the official ballot pamphlet sent to all voters. We could not help but note how the Mercury forces trumpeted your support for Proposition 33 and your signature on their grossly misleading ballot arguments.

In recent years, your General Counsel, Samuel Kang, told us that Greenlining had changed. The implication was that Greenlining had moved beyond its custom of accepting funding from utility companies, telecom giants and insurance companies and then allowing those alliances to dictate positions in defense of abusive industry practices and at the expense of the public interest.

Perhaps we misunderstood him. Or perhaps we got an inkling of the truth earlier this year when Mr. Kang expressed an interest in helping consumer groups enact a ballot measure to make health insurance more affordable, but explained that Greenlining would have to be paid for its efforts. That initiative will, in part, force health insurance companies to justify their rates. It also extends the consumer protection that Proposition 33 would eliminate. Legitimate civil rights organizations do not need to be paid to support reforms that their communities need.

Your support for Proposition 33 is merely the latest in a long history of consumer battles in which Greenlining and its affiliated organizations have aligned themselves with corporate interests.

- In 1998, two years before California was hit with rolling blackouts resulting from the state's disastrous foray into energy deregulation, you sided with Edison, PG&E, Sempra and Enron to defeat a consumer coalition-sponsored ballot measure that would have saved ratepayers an average \$250 per year. Utility company filings later revealed that you received at least \$300,000 from their coffers during this time.
- In 1992, you stood with former Governor Pete Wilson in support of no-fault insurance legislation that would have made poor people second-class citizens with unconscionably low medical benefits were they innocent victims of negligent drivers.
- In 1996, you backed State Farm when it promised to sell auto insurance to the poor, as part of the company's strategy to counter implementation of Proposition 103's ban on territorial rating as the principal means of setting auto insurance rates. Unsurprisingly, after the news conference and the PR splash for State Farm that you facilitated, the commitment was never kept.

Greenlining's history is littered with examples like these in which you have provided the veneer of respectability that corporations desperately seek as they attack California's most disadvantaged communities. Your latest betrayal of low-income families is a new low.

Since when has it been a crime to be poor in California? Just two years ago, Greenlining understood that the impact of giving discounts to drivers who have insurance is charging a lot more to those who don't. Arguing *against* the 2010 version of this initiative, you stated that "drivers who would be negatively impacted include drivers who gave up using a car for a period of time or could not afford insurance coverage due to the economic downturn" and that it would "benefit individual private companies at the expense of most Californians, and pose a particular risk to low-income communities."

Proposition 33 poses exactly the same risks. What explains your sudden embrace of a policy you knew to be devastating when it was called Proposition 17?

Surely not the few poll-driven changes to Mercury's initiative language, exempting a limited number of drivers from Prop. 33's surcharges, which will come at the expense of even higher surcharges for the millions of drivers who will be forced to pay them because they had an unavoidable lapse in their insurance coverage.

Perhaps you have been misled about Proposition 33's true impact. Your argument in the ballot pamphlet is certainly full of falsehoods and misinformation. You claim that Prop. 33 will provide discounts "to *everyone* who has followed the law" (your italics). But, of course, poor people are following the law if they don't buy insurance when they don't have a car and, instead, rely on mass transit. Yet Proposition 33 will ensure that they will pay a surcharge when they need to buy insurance again.

So what caused Greenlining's 180-degree shift in policy? In the past your positions in opposition to the public interest have come with a price tag for the industry seeking your support. You owe it to California voters to disclose what *quid pro quo* landed Greenlining in bed with George Joseph and Mercury Insurance, a company that routinely and brazenly engages in discriminatory tactics, according to numerous Department of Insurance investigations.¹

It doesn't surprise us that insurance billionaires fail to mention the impact on the poor when they try to trick voters into giving up consumer protections. But an organization that claims an awareness of the trials of poverty should be ashamed of itself for punishing citizens just because at some point in their life they can't afford car insurance.

Instead of scrambling over to the Mercury PR hacks who wrote your ballot statement for you in search of a way to respond to this letter, we suggest you take a moment to consult with legitimate civil rights organizations, and perhaps your Board of Directors, and then decide whether your support of Proposition 33 serves the ostensible mission of your group, or even its own financial self-interest in the long term.

We look forward to hearing from you.

Sincerely,



Harvey Rosenfield
Founder



Carmen Balber
Washington Director

¹ Carla Marinucci, *San Francisco Chronicle*, "New state report alleges repeat violations and discrimination by Mercury Insurance, Prop. 17 backer," Apr. 12, 2010.