

**California Department of Insurance**  
**FACT SHEET**  
**“Affinity Group” Proposed Regulations**  
**May 5, 2015**

**Summary:**

When the voters passed Proposition 103 in 1988, they wrote into California law specific rating factors that must be used when pricing automobile insurance. The initiative also contained a provision that allowed insurance companies to issue coverage to members of groups.

Consumer groups have raised concerns that some auto insurance companies may have created so-called “affinity groups” in order to offer reduced insurance rates to desirable high-income customers, while less-desirable customers with identical driving experience (for example, those without college degrees or professional certifications) must pay more for the same insurance.

The Department of Insurance is seeking input on regulations that would clarify the types of groups that are eligible for insurance discounts. The proposed regulations could have the effect of eliminating discounts for insurer-created groupings of professionals and collage graduates, while retaining discounts for members of real civic, fraternal, professional, alumni, union and employer groups.

**Background:**

California law specifically requires insurance companies to use “automobile rating factors” when setting the price for auto insurance. The primary factors are the driver’s safety record, years of experience, and miles driven annually. Current law also contains a provision that allows insurance companies to issue coverage to members of groups.

Thirteen consumer groups petitioned the Insurance Commissioner to resolve the issue of what should qualify as a bona fide group. The consumer groups argue that insurer created groupings of professionals, college degree holders, subscribers to certain services, occupations, etc. are being used to offer discounts to preferred customers at the expense of all other customers.

Department staff held three preliminary meetings with insurance companies and consumer groups that regularly participate in rule-making proceedings at the Department of Insurance. The Department is also providing an opportunity for all interested organizations to comment.

The following groups would most likely be allowed under the regulations:

- California Teachers Association or California Retired Teachers Association
- College/University Alumni Associations
- Police groups (Police Officers Research Association of California, California Association of Highway Patrolmen, etc.) and firefighter groups (California Professional Firefighters, California State Firefighters Association)
- Professional groups (California Medical Association, California Dental Association, Los Angeles County Bar Association, California Society of CPAs)
- Members of motor clubs (Good Sam, AAA), RV associations (Coast to Coast RV Association), motorcycle clubs (American Motorcycle Association, Harley Owners Group, Honda Owners of America)
- Members of military or veterans organizations (UFW, Legionnaires,)
- Members of religious organizations
- Members of Native American tribal organizations (United Auburn Indian Community)

- Employer-based groups (examples: Disney, Lockheed Martin)
- Credit union groups
- Unions, fraternal organizations, service clubs
- Business associations (Chambers of Commerce, etc.)
- Non-profit organizations (Asian American Symphony, Chinese Sportsmans Club)
- Consumer co-ops
- [partial list]

The following groups would most likely be disallowed under the proposed regulations:

- Groups of people in defined occupations or people who hold specific degrees (examples include all dentists, accountants, engineers, physicians/surgeons, veterinarians, architects, lawyers, nurses, aviation professionals, college graduates, etc.). However, professional associations of those in these occupations would be eligible for a discount (see above).
- Groups composed of all persons who hold a particular license (doctors, dentists, accountants, engineers, etc.). However, professional associations of those in these occupations would be eligible for a discount (see above).
- Groups composed of all people who have a bachelor's degree in a particular scientific field. However, alumni associations would be eligible for a discount (see above)
- Customers, subscribers, or purchasers of specified services or products (Comcast subscribers, Macy's cardholders, Amazon purchasers, etc.).

Another meeting on this issue will be held in the early-to-mid-summer, where those with views on this issue will have the opportunity to speak and provide written comments. To track this rule-making process specifically, please send an email with your contact information to [CDIRegulations@insurance.ca.gov](mailto:CDIRegulations@insurance.ca.gov) and indicate that you would like to be informed about the Department's contemplated regulations regarding "affinity groups".

If you have specific questions about the proposed "affinity group" regulations, please contact:

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If you have questions about any issue at the Department of Insurance, and how it might affect your organization, please contact:

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