



"USA TODAY hopes to serve as a forum for better understanding and unity to help make the USA truly one nation."

—Allen H. Neuharth
Chairman and Founder
Sept. 15, 1982

John C. Quinn
Editor

John Seigenthaler
Editorial Director

OPINION

The Debate: INSURING DRIVERS

Today's debate includes our opinion that states have an obligation to regulate auto insurance to keep it available and affordable for drivers, opposing views from California, other views from New York and Texas, and voices from across the USA.

HARVEY ROSENFELD

An opposing view

Voters must force rollback in auto rates

LOS ANGELES — Fed up with soaring auto insurance rates, consumers across the USA have begun to strike back.

Consider California, where the car is king and insurance is required by law. Each year since 1985, California auto insurance rates have risen 15% to 20% — nearly seven times the inflation rate. The unjustified increases have ignited a populist push for reform.

Leading the charge for lower rates is Voter Revolt, a grass-roots organization. Like the taxpayer rebellion of the 1970s, which also began in California and swept the USA, the citizen campaign to slash insurance rates has already spread to other states. The Voter Revolt proposal, to be voted on by Californians in November, will:

- ▶ Roll back all automobile and other property-casualty insurance rates by 20% the day after the election.

- ▶ Require justification and approval of all rate increases before they go into effect.

- ▶ Force insurers to base auto rates primarily upon a driver's safety record rather than on where he or she lives.

- ▶ Eliminate the insurance industry's exemption from the antitrust laws and repeal other anti-competitive laws that compliant legislators have handed the powerful insurance lobby.

- ▶ Require that the state insurance commissioner be elected by the people.

- ▶ Establish an independent, democratically controlled advocacy organization to represent the interests of consumers in insurance matters.

In most states, consumers are left to fend for themselves against the abuses of the insur-

Harvey Rosenfeld is chair of Voter Revolt.

ance industry. Elected officials are rarely willing to antagonize the insurers by working for tough reforms. And the veil of secrecy surrounding the industry's operations makes it nearly impossible to challenge rate increases in those few states which permit consumers to protest rate hikes.

Indeed, the companies have managed to evade stricter control for many years by mounting their standard "it's not our fault" campaign of deception. According to the insurers, the astounding increases in rates are the result of increased lawsuits rather than their own inept business practices. But the companies have refused to reveal the information which would justify their claims.

However, a recent Rand Corp. report concludes that auto claims have remained relatively stable over the last decade. A comprehensive and stringent consumer protection system, like that we propose, would debunk the industry's propaganda once and for all.

Overall, the Voter Revolt proposal will save consumers, businesses and government millions every year. It will end the gouging that reaped the liability-insurance industry an astounding \$13.7 billion in profits in 1987, a 722% increase in profits over 1985 levels.

No wonder the insurance industry is prepared to spend an estimated \$20 million in California to fight the initiative. That's a pittance compared to how much it stands to lose if consumers win in California and throughout the nation.