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## **GEICO's Bogus Coronavirus "Credit" Cheats Policyholders**

In stark contrast to its competitors, GEICO is not providing its Coronavirus "credit" to millions of its current auto and motorcycle policyholders who are driving less and filing fewer accident claims. GEICO's so-called 15% "giveback credit" is only available to a current customer *upon the renewal* of a policy between April 8 and October 7, 2020. GEICO is also offering this credit to new customers who sign up for GEICO coverage during this six month period. The only motorists who are denied the discount are current GEICO policyholders who switch to another carrier in the future, or who won't need to renew because they are not driving due to the pandemic.

"GEICO is violating the insurance industry norm of assisting customers who are driving less and who desperately need financial relief right now," stated Richard Holober, Consumer Federation of California (CFC) Education Foundation Director. "We plan to petition the California Department of Insurance to compel GEICO to provide the credit now to all current customers."

In response to calls from the CFC Foundation and other consumer advocates, last week nearly every major auto insurer announced discounts to policyholders who are driving less and filing fewer claims as a result of COVID-19 Stay At Home Orders and skyrocketing unemployment. With the exception of GEICO, all the major insurers promising relief will provide it to their current policyholders. The discounts are for a period of one, two, or three months, depending upon the company. No other major insurer has predicated a Coronavirus discount on a policy renewal, nor would such a requirement be justified on an actuarial or public policy basis.

GEICO policyholders who renewed shortly before April 8 have posted complaints online. One Tweeted "My policy just renewed 4/5/2020 and will renew again on 11/5/2020. So will we not be eligible for this." Another Tweeted "That Geico credit some bullshit it only takes effect when you renew I already did that." Another Tweeted "@GEICO want a refund now...no driving, not happy waiting until September at renewal. (who's to say I'll even renew with you?)..."

Should Stay at Home Orders that began in March last six months, GEICO's plan will have the perverse result that a current policyholder who reduces driving from 1000 miles

a month to 100 miles a month from March through August, for a total of 600 miles driven during a six month policy period, would get no discount unless he or she renews, while another driver who signs up with GEICO on October 7 after Stay at Home Orders are lifted would pay \$150 less for driving 1000 miles a month, or a six month total of 6,000 miles.

That new policyholder may be covered now by State Farm, Allstate or another insurer who is giving discounts to its current policyholders. GEICO's plan encourages motorists to double dip by collecting a COVID-19 discount from their current insurer now, and a second COVID-19 discount by switching to GEICO a few months later. This anti-competitive practice unfairly disadvantages other insurers who stepped up to the plate last week with discounts for their customers based on current day changes in driving behavior.

Under GEICO's scheme, current policyholders are subsidizing future policyholders that GEICO would induce to switch carriers after the pandemic abates and normal driving patterns resume. GEICO is discouraging its policyholders from shopping around, since they would be denied the discount unless they renew with GEICO.

"We are disappointed but not at all surprised that GEICO found a way to take advantage of a human tragedy to launch a new marketing scheme," Holober stated. "GEICO's slogan should be '15 minutes will cost you 15% MORE if you are a GEICO policyholder' and shop around, since the only way to get a discount is by renewing. GEICO must change course and offer immediate relief to customers who are driving less, with no strings attached."

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Since 2013, the non-profit Consumer Federation of California Education Foundation and its sponsor, the Consumer Federation of California, have participated in California Department of Insurance rate cases and regulatory proceedings representing policyholder interests. CFC and the CFCEF have intervened in 15 automobile and homeowners insurance cases, saving seven million consumers over \$300 million dollars in premium payments.