

California car insurance fight goes to court

There's an old story about how to train a mule. First you get a sledgehammer, then hit him in the forehead. Why? Because first you've got to get his attention.

California voters, three hours too late as usual to elect a president, managed to swing a pretty vicious sledgehammer at the auto insurance business Nov. 4 by voting in a referendum calling for an across-the-board 20 percent cut in liability insurance premiums.

The California insurance companies lost no time getting a stay from the California Supreme Court. This wasn't much trouble because insurance companies have a big pool of idle young lawyers.

These insurance company lawyers

are hired to lose lawsuits filed by contingency-fee attorneys who used to chase ambulances and now advertise on television after "Hill Street Blues" goes off the air. Insurance company lawyers work for insurance companies until they start to win, then they quit and sue insurance companies on contingency fees.

This is one reason why auto insurance rates are so high, and why if voters really wanted to cut their auto insurance rates they should have banned "Hill Street Blues" reruns. But I digress.

CALIFORNIA VOTERS were upset at the insurance companies because the cost of insurance was beginning to pass the cost of a new car.



auto talk
Dan McCosh

Auto insurance was rising faster than a Beverly Hills house. You could picture the day was near when a tour bus would be coming down the street and you would hear, "And this insurance policy once belonged to Jack Benny. . ."

Road and Track and sports car enthusiasts were upset because cars that go 150 mph were paying even more than anybody else, which

seemed unfair since you were that much more likely to kill yourself rather than file a lawsuit.

People who lived in rotten, high-crime neighborhoods were upset because insurance companies red-lined their neighborhoods and raised insurance rates as if they were stealing their own cars, instead of realizing that it was the people from expensive neighborhoods — where

rates were low — that were parking their cars around and getting them stolen, so maybe they ought to get their rates raised instead.

Although the 20 percent rate cut was the one that passed, there were a total of five insurance-rate propositions on the California ballot this election.

The California insurance companies also had a proposition on the ballot, which was rejected by the voters, that would have set up a no-fault insurance system and a cap on attorneys' contingency fees.

Half of this is familiar to Michigan residents who swallowed the no-fault argument a few years ago, which mainly seems to mean that rates can be raised because it isn't the insurance companies' fault. Un-

fortunately, Michigan ignored the contingency fee system, and then "Hill Street Blues" went back on the air, and any hope was lost.

California attorneys also sponsored a proposition of their own, which said they didn't want anything to change. Surprise.

Anyway, all this is in the hands of the California Supreme Court now, and will be settled as soon as they get the Mike and Robin divorce off the docket. Meanwhile, a few insurance companies are contemplating a new policy where if you can make the payments, they lose the care in for free.

Dan McCosh is the automotive editor of *Popular Science* magazine.

datebook

- **PURCHASING MANAGEMENT**
Thursday, Nov. 17 — Purchasing Management Association meets in Troy. Information: 772-3737.
- **ACCOUNTANTS ASSOCIATION**
Thursday, Nov. 17 — National Association of Accountants meets in Bloomfield Hills. Information: 852-8797.
- **QUALITY CONFERENCE**
Thursday-Friday, Nov. 17-18 — Quality and productivity improve-

ment conference for automotive supplier and OEM quality and statistics professionals offered 8 a.m. to 4 p.m. in Troy. Fee: \$110. Information: 370-3120. Sponsor: Oakland University.

● **TAX SCHOOL**
Thursday-Friday, Nov. 17-18 — Tax school for professional tax preparers will be held in Southfield. Fee: \$75. Information: 645-5410. Sponsor: Michigan State University.

● **CHRISTIAN FELLOWSHIP**
Friday, Nov. 18 — Full Gospel Business Men's Christian Fellowship

meets at 6 p.m. in Farmington. Information: Stanley C. Marentette.

● **START A BUSINESS**
Saturday, Nov. 19 — "The Nuts and Bolts of Beginning Your Own Independent Business" offered 10 a.m. to 4 p.m. in Detroit. Fee: \$195. Information: 335-1200. Sponsors: University of Detroit, Nuts and Bolts USA.

● **WOMEN ACCOUNTANTS**
Tuesday, Nov. 22 — American Society of Women Accountants meets in Bloomfield Hills. Information: Kathleen A. Martz, 396-3288.

● **START A BUSINESS**
Saturday, Nov. 26 — "Starting a Business: Get It Right the First Time" offered 10 a.m. to noon in Southfield. Information: 557-2141. Sponsor: Metro Business Management Associates.

● **WOMEN BUSINESS TRAVELERS**
Tuesday, Dec. 6 — "More Effective Business Travel" offered 7-9 p.m. in Bloomfield Township. Fee: \$10. Information: 451-6888. Sponsor: Traveling Women's Information Network.

● **MEDIA RELATIONS**
Tuesdays, Jan. 10 through April 11 — Media relations seminar offered 6:35-8:15 p.m. in Farmington Hills. Information: Vivian Dicks, 927-1173. Sponsor: University of Detroit.

● **COMMERCIAL INVESTORS**
Friday, Jan. 13 — Commercial investment division of South Oakland County Board of Realtors meets in Southfield. Information: 585-1263.

● **USING STATISTICS**
Thursday, Feb. 2 — "How to Provide Statistical Answers When Your

Boss Asks" offered 8:30-11:30 a.m. in Southfield. Non-member fee: \$55. Information: Janet Roberts, 362-2100. Sponsor: International Association of Business Communicators.

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