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## **ALLSTATE TO PAY \$600,000 IN CONSUMER PROTECTION LAWSUIT**

**RIVERSIDE** – Today, Nov. 30, 2016, Riverside County District Attorney Mike Hestrin announced that his office, working with the San Diego and Los Angeles County District Attorneys' Offices, has obtained a \$600,000 settlement in a consumer protection lawsuit brought against the Allstate Insurance Co., which offers Allstate auto insurance in California and across the United States.

The civil complaint, filed in Riverside Superior Court under California's Unfair Competition Law and false advertising law, alleges that Allstate car insurance television ads failed to properly disclose that the "Accident Forgiveness" benefit featured prominently in the ads is not available in California.

In June 2012, Northbrook, Illinois-based Allstate Insurance Co., launched a nationwide television ad campaign for auto insurance focused on the consumer benefits of Allstate's "Accident Forgiveness" car insurance program. Certain ads were prepared exclusively for the Spanish-speaking community, while the majority of the ads were targeted at a more general audience. Allstate officials estimate that this ad campaign reached 90 percent of the households in California.

Under the legal mandate of California's Proposition 103, the California Department of Insurance prohibits the offering of programs of accident forgiveness in auto insurance policies in California. However, the Allstate "Accident Forgiveness" advertisements failed to prominently disclose that the program is unavailable to California consumers as a matter of law. The advertisements typically included a small disclaimer briefly visible at the bottom of the screen, but the lawsuit alleges these disclaimers were insufficient to adequately alert viewers that the program is not available in California.

California law requires that all advertising must clearly and conspicuously disclose any material facts that viewers need to avoid being misled. In the complaint filed in this case alleges that the disclaimers in the Allstate "Accident Forgiveness" ads were unlawful under the advertising disclosure standards of California's false advertising law and Unfair Competition Law, and that these ads could convey an overall impression that California consumers would receive this benefit as part of Allstate car insurance.

Under the terms of the judgment, which will be entered without admission of liability, Allstate will be subject to an injunction requiring full compliance with California's laws in its accident forgiveness advertising, including clear and conspicuous disclosure of the fact that such programs are not available in every state. In the stipulated final judgment, Allstate also agreed to pay \$600,000, including investigative costs of \$75,000 and civil penalties of \$525,000. The Riverside County DA's Office will receive one-third, or \$175,000, of those civil penalties and \$25,000 of the costs. The amount received will go toward future such investigations and prosecutions. Allstate and its counsel worked cooperatively with the prosecutors to resolve this case and to implement new advertising practices.

The stipulated final judgment in this case, RIC1615534, was signed on Nov. 29, 2016, by Riverside County Superior Court Judge Daniel Ottolia. The case was handled for the Riverside County DA's Office by Deputy DA Elise Farrell of the DA's Consumer Protection Team.

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