



RIVERSIDE COUNTY DISTRICT ATTORNEY
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MIKE HESTRIN, DISTRICT ATTORNEY

WEBSITE: WWW.RIVCODA.ORG

TWITTER: @RIVCODA

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CONTACT: JOHN HALL
DISTRICT ATTORNEY INFORMATION SPECIALIST
951.955.8662

THREE DA'S OFFICES OBTAIN \$925,000 SETTLEMENT FROM LIBERTY MUTUAL

RIVERSIDE – Today, Oct. 20, 2016, District Attorney Mike Hestrin announced that his office, along with the San Diego and Los Angeles District Attorneys' Offices, has obtained a \$925,000 settlement in a consumer protection lawsuit brought against the Liberty Mutual Group, Inc. and Liberty Mutual Fire Insurance Company, which offers Liberty Mutual auto insurance in California and nationwide.

The civil complaint, filed in Riverside Superior Court under California's Unfair Competition Law and false advertising law, alleges that Liberty Mutual car insurance ads failed to properly disclose that the "Accident Forgiveness" benefit featured prominently in the ads was not available in California. Under the legal mandate of California's Proposition 103, the California Department of Insurance prohibits offering "accident forgiveness" provisions in auto insurance policies in California.

In 2014, Boston-based Liberty Mutual Group, Inc., launched a nationwide television ad campaign for auto insurance featuring the Statue of Liberty in the background behind its spokespersons. Many of these ads focused exclusively on the consumer benefits of Liberty Mutual's "Accident Forgiveness" car insurance program. Liberty Mutual officials estimate that this ad campaign reached 70-80 percent of the households in California.

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

Under the terms of the judgment, which will be entered without admission of liability, Liberty Mutual will be subject to an injunction requiring full compliance with California's advertising laws in its "Accident Forgiveness" advertising, including clear and conspicuous disclosure of the fact that such programs are not available in California. In the stipulated final judgment, Liberty Mutual also agreed to pay \$925,000, including agency investigative costs of \$95,000 and civil penalties of \$830,000. (The Riverside County DA's Office will receive one-third, or \$276,666, of those civil penalties and \$31,666 of the costs.) Liberty Mutual 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, RIC1613558, was signed by Riverside County Superior Court Judge John Molloy and filed on Oct. 19, 2016.

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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