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For Immediate Release

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DA: Allstate to Pay \$600K Following Lawsuit over Misleading TV Ads

Ads Featured 'Accident Forgiveness' Not Available in California

The [San Diego County District Attorney's Office](#) today announced that the DA's Consumer Protection Unit, working with the Riverside and Los Angeles 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 nationwide.

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 of 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 People allege 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. The People allege in the complaint filed in the case 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. (San Diego DA will receive one-third, or \$175,000, of those civil penalties and \$25,000 of the costs.) 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 was signed on November 29 by Riverside Superior Court Judge Daniel Ottolia.

The case was handled for the San Diego District Attorney's Office by Deputy District Attorney Tom Papageorge, Head, Consumer Protection Unit (619-531-3971).

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