

## Insurance companies forced to pay denied claims

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AUSTIN (KXAN) — Most of us have to pay for some kind of insurance whether it is coverage for a car, home, or health. But sometimes the company you trust to be there when you need it most doesn't pay on a claim.

Last year Jason Brockdorf was hit by a driver who ran a red light. His car was damaged but that was not the only thing that took a hit.

"I was shocked, pretty out of it," said Brockdorf. "I got knocked in the head pretty hard. I think it was from the airbag but it could have been from my head hitting the window."

But Brockdorf says he hit a roadblock dealing with the other driver's insurance company, State Farm.

"It was a pretty big battle to get reimbursement for my lost wages, medical bills, Et cetera," Brockdorf said. "I didn't think they were acting in good faith...they weren't being cooperative at all."

Seven months after the accident, Brockdorf finally got his money from the insurance company. But his story is all too familiar for many Texans.

A KXAN investigation into insurance companies uncovered information which had never been released. It details which companies most often leave Texas consumers no choice but to turn to state regulators to get their claims paid.

Records obtained from the Texas Department of Insurance showed more than \$27 million was paid out to consumers in 2013 after they went through department's consumer complaint process. That came after insurance carriers initially refused to pay.

"A lot of times it's a complex situation," says Mark Hanna with The Insurance Council of Texas, which represents companies providing home and auto insurance. "It's not black or white."

The data KXAN obtained from TDI also detailed which companies were forced to pay back money to consumers over the past five years. State Farm Mutual Auto Insurance has had to pay back more than \$4.9 million in 761 cases from 2009 through 2013, the most of any auto insurance carrier.

chart\_icon DATA: Auto insurance companies that paid out the most after complaints

State Farm Lloyd's tops the list of home insurance carriers, paying back more than \$6.1 million in 419 consumer claims initially denied over the last five years.

chart\_icon DATA: Home insurance companies that paid out the most after complaints

For health insurance carriers United Healthcare is tops, having to pay back \$7,280,950.49 in 1,518 cases.

And American General had to pay back nearly \$2.7 million in 39 life insurance claims it first declined to pay.

In these cases, millions of dollars had to be returned to the consumers because insurance companies did not pay out when TDI says they should have.

“There can be a lack of communication” Hanna said. “We’re talking about a lot of money involved here and sometimes two sides cannot come to an agreement.”

But Alex Winslow with the consumer watch dog group Texas Watch says insurance companies “routinely engage in underhanded tactics.”

Winslow is highly critical of the insurance industry.

“Insurance companies have a profit motive,” claims Winslow. “They have a business plan in place...to keep as much of your money in their pockets as long as they can...So the longer they drag out that claims process the more money they continue to make.”

But consumers like Brockdorf say sometimes patience and persistence pays off.

“I feel a little vindicated that I was able to do it without the assistance of a lawyer,” said Brockdorf.

No one from State Farm would talk to us on camera about Brockdorf’s claim, or the amount of unpaid claims TDI has determined it should have paid in the first place. A spokesperson sent an email stating the company cannot discuss individual insurance claims, and it has a 99.9 percent customer satisfaction rate:

Regarding the TDI information, it’s important to note that State Farm is the largest insurer in Texas, and our complaint ratio is one of the lowest among the large insurers in state.

In 2013, State Farm paid over \$2.79 billion for more than 872,000 auto and homeowner claims in Texas, 99.9% of them to our customers’ satisfaction. While we are proud of that record, there is room for improvement and we continue to work with the one-tenth-of-one percent of our customers who believe we can do a better job.

If you have a dispute with an insurance company you can file a complaint with the Texas Department of Insurance.

Source: KXAN.com