

Study Finds Institutional Bad Faith at Allstate, State Farm and Other Major Insurers

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An 18-month study by CNN has confirmed that most of the major insurers, lead by Allstate and State Farm, are engaging in institutional bad faith claim practices. The study found that insurers, including Allstate and State Farm, have not been treating their insureds fairly. Instead of fair treatment for insureds, they follow a strategy of "deny, delay, defend." Deny the claim, do whatever they can to delay the claim, and defend the resulting lawsuit to the hilt.

The CNN findings focused on cases involving soft tissue injury and minor impact. Insurers have their own euphemisms for this type of claim, such as Allstate's MIST, which stands for Minor Impact Soft Tissue. The personal injury attorneys at the Alaska Personal Injury Law Group do not handle MIST cases, but we have seen the same tactics employed in Alaska in cases that are neither minor impact nor soft tissue cases. We also handle bad faith cases that arise when insurers like Allstate and State Farm break the promises they made when they took the insured's hard-earned premium dollars.

CNN's investigation found that the insurers' hardball approach to claims is the result of programs developed for insurers like Allstate and State Farm by The McKinsey Company. The Alaska Personal Injury Law Group and other lawyers throughout the country have been trying to get Allstate's McKinsey documents into the hands of the public, but Allstate has been successful in obtaining orders that keep the documents hidden. As we reported earlier, insurance regulators in Florida may be the public's best hope of seeing the McKinsey documents. CNN did confirm, however, the existence of the formal program where the good hands people at Allstate are told to use boxing gloves on the insureds who refuse to accept Allstate's lowball offers.

This Allstate program has nothing to do with justice or fairness. It is all about profits resulting from economic warfare against insureds. Allstate documents in the public domain show that it is also motivated by the insurance company's desire to prevent personal injury attorneys from trying to help the victims of these lowball take-it-or-leave-it offers. The insureds and the lawyers who help them get bludgeoned by one of the largest financial powerhouses in the world. As the CNN study shows, after Allstate and State Farm started using the McKinsey scheme against their insureds, other insurers followed.

That take-it-or-leave-it approach and the resulting lowball settlements have lead to soaring profits, while insurers pay out far less in claims but continue to charge higher premiums. Insurance rates are theoretically, but poorly, regulated by the states, so if Allstate is paying out less in losses, they should have to reduce premium rates. Instead, they are generating phenomonal profits.

Source: Alaska Injury Law Blog