

Worst of the Worst in the Insurance Industry

WHAT ARE YOUR EXPERIENCES WITH THIS BOTTOM 10 LIST?

Peter W. Crownfield

The [American Association for Justice](#) (AAJ), formerly known as the Association of Trial Lawyers in America, has released a report on "The Ten Worst Insurance Companies in America" detailing how some of the leading insurers "raise premiums, deny claims and refuse insurance to those who need it most." The report is based on review of court documents, Securities and Exchange Commission and Federal Bureau of Investigation records, state insurance department investigations and testimony/depositions by former insurance agents and adjusters, among other sources.

Topping the list is Allstate, given the ignominious title of "the worst insurance company in America" by the AAJ for its "concerted efforts to put profits over policyholders." According to the report, former Allstate employees refer to the company's claims management tactics as the three D's: "deny, delay and defend," which a former Allstate agent notes was a concerted effort to make claims "so expensive and so time-consuming that lawyers would start refusing to help clients." And this despite profits of \$4.6 *billion* in 2007, including \$10.7 million in compensation to CEO Thomas Wilson. The report says the insurer has more claims filed against it than almost all of its major competitors combined.

AIG, [in the news lately](#) regarding financial solvency woes, is number three on the AAJ's list for, among other things, its "long history of claims-handling abuses for both individuals and business clients." The report also alleges abuses by company executives who have "come under fire for opportunisticly [sic] seeking price increases during catastrophes."



Sixth on the AAJ list is WellPoint, slammed in the report for, among other abuses, "routinely [cancelling] individual health policies of pregnant women and chronically ill patients" (an atrocity that resulted in a \$1 million fine in 2007, according to the report). The report also mentions two lawsuits in which the plaintiff physicians "argued that insurance companies manipulated computer programs to systematically underpay physicians for the treatments they provided."

UnitedHealth, parent company of UnitedHealthcare, whose denial of chiropractic coverage has been the subject of [several DC articles](#), is the eighth worst insurer in America, says the AAJ. According to the report, "Physicians report that UnitedHealth's reimbursement rates are so low and delayed that patient health is being compromised. Money that should have been spent on medical treatment for policyholders has instead gone to the company's former CEO, who faced criminal and civil charges for backdating stock options."

Rounding out the AAJ list of the 10 worst insurance companies are the following, all part of an industry whose decisions affect patients' ability to receive appropriate care and health care providers' ability to provide it and receive fair reimbursement for their services:

- *Unum (#2)*: "Unum, one of the nation's leading disability insurers, has long had a reputation for unfairly denying and delaying claims. Unum's claims-handling abuses have consistently been the subject of regulator and media investigations."
- *State Farm (#4)*: "As the biggest property casualty insurance company in America, State Farm has become notorious for its deny and delay tactics. In many cases, the company has gone to extreme lengths to avoid paying claims, including forging signatures on earthquake waivers after the deadly Northridge earthquake, and altering engineering reports regarding damage after Hurricane Katrina."
- *Conseco (#5)*: "Conseco sells long-term care policies, typically to the elderly. Unfortunately, Conseco uses the deteriorating health of its policyholders to its advantage because the company knows if it waits long enough to pay out claims, its customers will die."
- *Farmers (#7)*: "Farmers Insurance Group consistently ranks at or near the bottom of homeowner satisfaction surveys. Given its tactics towards its policyholders, that comes as no surprise. The company even created an incentive program that offered pizza parties to adjusters who met low payment goals."
- *Torchmark (#9)*: "Founded, by its own admission, as little more than a scam, Torchmark has preyed upon low-income Southerners for over 100 years. ... The company has come under fire for a variety of transgressions, including charging minority policyholders more than whites."
- *Liberty Mutual (#10)*: "Like Allstate and State Farm, Liberty Mutual hired consulting giant McKinsey & Co. and adopted deny, delay, and defend tactics. The company has also gone one further than simple claims-handling abuses by indulging in what regulators allege is systematic bid-rigging."

And don't think these or any of the other major insurers can use the current economy as an excuse; here's what the report has to say about the overall financial state of the industry: "The U.S. insurance industry takes in over \$1 trillion in premiums annually. It has \$3.8 trillion in assets, more than the GDPs of all but two countries in the world (United States and Japan). Over the last 10 years, the property/casualty insurance industry has enjoyed average profits of over \$30 billion a year. The life and health side of the insurance industry has averaged another \$30 billion."

The complete AAJ report, which includes 178 references, is available for downloading online at www.justice.org/docs/TenWorstInsuranceCompanies.pdf.

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