



Consumer Advocates Call for Refunds, Rate Reductions, for Allstate Policyholders After Company Releases Internal Documents Revealing It Intentionally Underpaid Customers

Documents Show Consumers Need Better Regulation of Insurance Industry; California Rate Cut Shows the Way

SANTA MONICA, Calif., April 7, 2008 /PRNewswire-USNewswire/ -- Allstate, the nation's second-largest insurance company, has released 150,000 pages of documents that expose a business strategy of systematically underpaying claims to policyholders or forcing them into protracted court battles to secure a fair settlement. Consumer advocates with the nonprofit Consumer Watchdog (formerly the Foundation for Taxpayer and Consumer Rights) condemned the company's practices and called on state insurance regulators to order restitution for policyholders and a re-examination of the company's rates across the country.

"Thousands of pages of Allstate's internal documents reveal the company's 'Us versus Them' attitude toward its customers. Allstate policyholders who paid their premiums faithfully were fleeced while the company underpaid claims and padded profits with the money they owed their customers. These revelations demand that state regulators open examinations of Allstate rates, and require the insurer to refund consumers for overcharges and lower insurance premiums where they have been too high across the country," said Carmen Balber with Consumer Watchdog. "Allstate's 'good hands' are stealing from customers' pocketbooks."

Allstate posted the documents on its website, a surprising development after more than a decade of fighting court battles to keep them secret.

According to company reports to Wall Street, Allstate's net income for 2006 alone was approximately \$5 billion and total shareholder return was 590% between 1994 and 2006.

California insurance regulators have already acted to rein in the company's excess profits. The Insurance Commissioner of California ordered a 15.9 percent reduction in Allstate's auto insurance rates last month that will save policyholders nearly \$250 million. The company's homeowners insurance rates are also under scrutiny in a rate challenge initiated by Consumer Watchdog, which could lower Allstate homeowners' rates by more than \$300 million. Regulators and consumer advocates have the ability to challenge unfair insurance rates in California under the state's landmark insurance reform initiative, Proposition 103, which bans excessive profit and requires insurance companies to open the books and justify rates to state regulators and the public.

"Lawmakers and regulators around the country need to crack down on insurance company gouging and abuses to protect consumers, not just from Allstate, but from rate and claims abuse throughout the insurance industry," said Doug Heller, executive director of Consumer Watchdog.

SOURCE Consumer Watchdog

 [back to top](#)

 POWERED BY **Technorati**  [Blogs Discussing This News Release](#)

Issuers of news releases and not PR Newswire are solely responsible for the accuracy of the content.
Terms and conditions, including restrictions on redistribution, apply.
Copyright © 1996- 2008 PR Newswire Association LLC. All Rights Reserved.
A [United Business Media](#) company.