



## Two Texas Auto Insurers Face Investigation Over Huge Number of Consumer Complaints

*Written On June 17, 2010 By [Bob Kraft](#)*

Finally, someone seems to have noticed the notoriously bad behavior of two of the worst auto insurance companies in Texas. The [Dallas Morning News](#) ran a lengthy story this week detailing the volume and variety of complaints the Texas Department of Insurance has received against Fred Loya and Old American County Mutual insurance companies. The two companies are connected, and Loya is one of the managing general agents for Old American. Sadly, as bad as these two companies are, there are many others only marginally worse. Those just don't seem to have drawn the volume of complaints.

All insurance companies are in business to make money. The way they make money, other than investments, is to take in premiums and to pay out as little as possible when claims are made against their policyholders. Or when claims are made *by* their policyholders for collision or comprehensive damage. The basic problem reported by the newspaper is that certain insurance companies are much bolder than others in finding creative ways to refuse to accept liability and pay out money.

Most insurance carriers will decline to pay if their own insured refuses to cooperate with them. They say they can't get an accurate version of the accident, and therefore should not have to pay. Some carriers though seem to make this argument in a very large percentage of their claims. This makes you wonder if the carrier has really tried to get

the insured to cooperate. Perhaps they sent one letter or made one phone call, and receiving no response, denied liability coverage. Or maybe they never even sent that letter.

Another tactic we frequently see from certain companies is to claim the vehicle was stolen or used without the permission of the owner, and therefore the carrier denies coverage. These companies also almost always claim that the plaintiff was partially at fault in some way, and contributed to the collision. Then they offer to pay only half or perhaps 60% of the total damages.

I hope you never have the misfortune of being involved in an auto collision. But if you are, I especially hope you don't get insult added to injury (literally) by having to deal with one of the bottom-feeding insurance companies like Loya or Old American County Mutual. And while they may be the worst, as measured by consumer complaints, there are plenty of others only marginally better. If you start getting the runaround early in the process, your best bet is to hire a lawyer to fight for you. Otherwise these companies will just grind you down until you're willing to accept almost any offer just to be rid of them.

Here are excerpts from the Dallas Morning News article:

Larry Randall was one of thousands of Texas drivers in accidents last year that weren't their fault. But unlike many, the Richardson engineer's problems were just beginning after the collision.

The driver who sideswiped his 2006 Chrysler Sebring and forced him off the road in May 2009 had a policy with an insurer that Randall later discovered was among the worst in handling claims.

That company, Loya Insurance, initially balked at assuming responsibility for its policyholder — who tried to flee the scene — and then said it would pay just \$270 for damages and expenses that Randall estimated were nearly \$1,700.

"They tried to ignore me from day one, and then they finally sent me a check covering a fraction of my claim. When's the last time you heard of

major damage to the side of a car being fixed for \$300?” Randall said, noting he has not cashed the company’s check.

Loya is one of two large auto insurers that had a complaint record well above the state average in 2009, according to a new listing of “justified” complaints handled by the state Insurance Department.

Those complaints from Texas drivers included such practices as delays in processing claims, unsatisfactory offers or settlements, denial of claims and liability disputes.

An analysis of the Insurance Department figures by The Dallas Morning News showed that 10 of the 25 largest auto insurers in the state — those with more than 100,000 policies — had worse-than-average customer service records.

The two companies at the top of the list — Loya and Old American County Mutual — are now being investigated by the Insurance Department for violations of state regulations, an agency spokesman said.

Loya, which collected more than \$283 million in premiums last year, performed nearly four times worse than a typical Texas insurer, according to the state-calculated “complaint index.”

Edgar Meza, vice president of claims for Loya, said many of the complaints stem from differences over the market value of cars that are totaled and from accidents involving a person driving a Loya-insured vehicle who has been excluded from coverage.

Meza also said Loya serves a unique customer base, typically lower-income drivers who have trouble obtaining insurance.

He also said complaints against the insurer are down significantly in 2010 — and that Loya takes those complaints seriously.

Old American County Mutual, a Dallas-based company that collected nearly \$539 million in premiums, had a complaint index of 3.42 — or about three and a half times worse than a typical company. Old American declined to comment on the complaint numbers.

No other company besides Old American and Loya broke 2.0, which would be twice the average.

The two insurers have a business relationship, and Loya is listed as one of several managing general agents for Old American on its website.

Hospital administrator Peggy Bryant of Rockwall also had troubles with Loya after her Volkswagen was hit by a driver insured by the company.

“It was quite an ordeal,” she said.

“They low-balled the damage by over a thousand dollars, and then the games began. They told me they weren’t going to pay the difference even though their client took responsibility for the accident.”

Bryant, who had to sue to get her claim paid, said of her experience: “I hope to God I never get hit again by somebody with Loya insurance. If I do, I’ll probably hire a lawyer right away.”

## HOW TO FILE AN INSURANCE COMPLAINT

- Consumers must file a complaint by phone (1-800-252-3439), e-mail ([consumerprotection@tdi.state.tx.us](mailto:consumerprotection@tdi.state.tx.us)) or the complaint form on the agency’s website ([www.tdi.state.tx.us](http://www.tdi.state.tx.us)).
- After studying the complaint, the consumer protection division sends the insurer a copy and asks for a detailed written response to the complaint.
- The Insurance Department staff then determines if the claim or any other issue was handled properly under the policy.
- The staff also reviews the file to assess whether laws were violated.
- If violations are found, the department institutes an enforcement action that can result in sanctions ranging from a fine and restitution to revocation of the insurer’s state license.