

Communications & Research report

Allstate is worst insurer for consumers, new AAJ report finds

After a comprehensive investigation involving thousands of insurance company legal documents and financial filings, a groundbreaking original research report by AAJ has concluded that Allstate is the worst insurer for consumers. And AAJ is getting the message out.

"While Allstate publicly touts its 'good hands' approach, it has

instead employed a 'boxing gloves' strategy against its policyholders," AAJ CEO Jon Haber said in a press release announcing the findings. "Allstate ducks, bobs, and weaves to avoid paying claims to increase its profits."

The report, *The Ten Worst Insurance Companies in America: How They Raise Premiums, Deny Claims, and Refuse Insurance to*

*Those Who Need It Most*, detailed the tough tactics these companies use to increase profits. With the release of the report, AAJ took the fight directly to the industry and put insurance companies on the defensive by exposing how they put profits over policyholders.

Allstate set the standard for insurance company greed, according to the report. The company contracted with consulting giant McKinsey & Co. in the mid-1990s to devise tactics to systematically force consumers to accept lowball settlement offers or face its "boxing gloves," an aggressive strategy designed to deny claims at any cost.

While Allstate ranked worst, the

report revealed a distinct pattern of misconduct among 10 industry companies that regularly refuse to pay just claims, employ hardball tactics against policyholders, reward corporate executives with extravagant salaries, and raise their customers' premiums while hoarding excessive profits.

The next worst companies were, in order, Unum, AIG, State Farm, Consec, WellPoint, Farmers, UnitedHealth, Torchmark, and Liberty Mutual.

Making sure consumers heard the message of industry greed was important after the report's release. The Communications department worked to drive the message to both national and local media outlets.

Some highlights of the media coverage:

■ Stories appeared in the *Miami Herald*, *Denver Post*, *Orlando Sentinel*, *St. Petersburg Times*, *San Diego Union Tribune*, *Consumer Affairs*, and on dozens of financial Web sites and blogs, including *Forbes*, *Motley Fool*, and *StreetInsider*.


■ Radio interviews with Haber aired on more than 300 stations. An interview on the *CBS Radio World News Roundup* aired on all CBS affiliates.

■ A full-page *USA Today* ad (at left)—in New York City, Philadelphia, and Washington, D.C., markets—highlighted the report's findings.

The report is AAJ original research, with more like it to come. The AAJ Communications and Research departments will continue to expose how insurance companies put their profits over policyholders.

The full text of the report is available at [www.justice.org/docs/TenWorstInsuranceCompanies.pdf](http://www.justice.org/docs/TenWorstInsuranceCompanies.pdf).

WHAT HAPPENS WHEN THE  
"GOOD HANDS"  
PEOPLE DON'T WANT  
TO PAY YOUR CLAIM?



THEY PUT ON THE "BOXING GLOVES."

ALLSTATE RANKS AS THE WORST INSURER FOR CONSUMERS.

The insurance industry employs a "deny, delay, defend" tactic that puts profits over policyholders. In particular, Allstate uses a "boxing gloves" strategy and plays hardball with consumers to avoid accountability.

★ FEATURING ★

THE TEN WORST INSURANCE COMPANIES IN AMERICA  
ALLSTATE ★ UNUM ★ AIG ★ STATE FARM ★ CONSEC ★ WELLPOINT  
FARMERS ★ UNITEDHEALTH ★ TORCHMARK ★ LIBERTY MUTUAL

LEARN WHAT YOUR INSURANCE COMPANY THINKS OF YOU:  
[WWW.JUSTICE.ORG](http://WWW.JUSTICE.ORG)

AMERICAN ASSOCIATION FOR JUSTICE  
A Study by the American Association for Justice (AAJ), July 2008.

An ad touting AAJ's insurance report appeared in *USA Today* in New York City, Philadelphia, and Washington, D.C.

## New litigation groups formed; document libraries now available to members

AAJ certified several new litigation groups during this year's annual convention in Philadelphia.

Litigation groups allow members to share their research, case strategies, and other information regarding specific types of cases. New groups were certified on the following topics:

**Chantix.** This smoking-cessation drug is designed to reduce the nicotine cravings associated with smoking-withdrawal symptoms. The drug, from Pfizer, Inc., was approved in May 2006. The FDA later warned that Chantix could cause changes in behavior, agitation, depressed mood, suicidal ideation, and actual suicidal behavior. (See story, page 14.)

The Chantix Litigation Group will assist members handling cases involving the drug, including by providing access to 73 scientific articles that have been indexed, organized, and coded. The group's chair is B. Kristian W. Rasmussen III of Birmingham, Alabama.

**Motorcycles.** Since 2000, motorcycle ridership has increased by more than 50 percent. During this period, the number of fatalities among motorcycle drivers has more than doubled.

The Motorcycles Litigation Group will focus on the many product defects that can affect on-and off-road motorcycles. The group's chair is Martin Healy Jr. of Chicago.

**Digitek.** This drug—distributed under two different labels by Mylan Pharmaceuticals, Inc., and UDL Laboratories—is designed to increase heart muscle strength, maintain normal heart rhythm, and remove excess water from the body. In April 2008, the FDA issued a Class I recall after discovering that large amounts of Digitek had been produced at double strength. Many patients overdosed and suffered digoxin poisoning.

The Digitek (Digoxin) Litigation Group will share information and strategies for litigating claims. The

group's cochairs are Richard Golomb of Philadelphia and James Peterson of Charleston, West Virginia.

### Document libraries

Each newly certified group has created a secure document library for sharing court documents, depositions, pleadings, and other materials on specific topics of interest to group members. Maintained by the AAJ Exchange, the libraries offer full-text searching and enhanced security features so litigation group members can browse and download documents immediately in Adobe pdf format—at no charge.

AAJ supports over 80 litigation groups. For more information, call (202) 965-3500, ext. 700, e-mail [litgroups@justice.org](mailto:litgroups@justice.org), or visit [www.justice.org/litgroups](http://www.justice.org/litgroups). To browse or learn more about document libraries, go to the Exchange Web site at [www.justice.org/exchange](http://www.justice.org/exchange) or call the Exchange at (800) 344-3023 or (202) 965-3500, ext. 615.



agreements if a consumer is made aware that he or she is authorizing arbitration of future disputes.

Bills introduced this year in **Alabama** (H.B. 649) and **Connecticut** (H.B. 5531) would limit the enforceability of predispute mandatory arbitration clauses. The Alabama bill includes these provisions:

- Arbitration agreements must be entered into separately from the original contract—on a separate page devoted exclusively to the specific terms of the contract.

- The parties signing the agreement must be represented by an attorney when the arbitration

agreement or contract is executed and must be advised that the contract involves an agreement to arbitrate future controversies.

- Conspicuous notice of the arbitration agreement must appear on the front page of the contract.

In **Florida**, Fairness in Consumer Arbitration Agreements Legislation (S.B. 2076) would have rendered mandatory arbitration clauses void and unenforceable except where federal law provides for enforceabil-

ity. Two committees passed the bill on the Senate side, but it ultimately died before reaching the House. The Florida Justice Association, which worked to secure support for the legislation, plans to refile a version of the bill in the coming session.

AAJ closely monitors state efforts to protect consumers from unfair binding arbitration agreements and encourages state trial lawyer associations to keep AAJ informed of their work on this issue. For more information, model bills, and advocacy support, contact AAJ State Affairs at (202) 965-3500, ext. 357, or [state.affairs@justice.org](mailto:state.affairs@justice.org).