

Insurers are increasingly using tough tactics against cash-strapped consumers to boost profits, according to a new report that investigates claims data, policies, and news accounts.

The report details tactics that target policyholders, insurance companies that are engaging in these practices, and what consumers can do to prevent abuses and fight back.

The current economic turmoil, which is greatly affecting the insurance sector, will likely spark insurers to use these tactics to maximize their bottom lines.

"Insurance companies are preying on cash-strapped consumers with tough tactics to increase profits," said American Association for Justice CEO Jon Haber. "The current challenges facing American families are only compounded when their insurance company plays hardball in their greatest time of need."

The tactics insurance companies use against consumers includes:

- Denying Claims: Some of the nation's biggest insurance companies, Allstate, AIG, and State Farm among others, - have systematically denied valid claims in an attempt to boost their bottom lines. These companies have rewarded employees who successfully denied claims, replaced employees who would not, and when all else failed, engaged in outright fraud to avoid paying claims. Delaying until Death: Many insurance companies routinely delay claims, even going as far as to lock paperwork in safes, knowing full well that many policyholders will simply give up. In the words of one regulator, "the bottom line is that insurance companies make money when they don't pay claims... They'll do anything to avoid paying, because if they wait long enough, they know the policyholders will die."

- Confusing Consumers: Insurance contracts are some of the densest and incomprehensible contracts a consumer is ever likely to see. More than half of all states have enacted "plain English" laws for consumer contracts, yet many Americans still do not fully understand the risks they are subject to.

- Discriminating By Credit Score: Insurance companies are increasingly using credit reports to dictate the premiums you pay, or whether you can even get insurance in the first place. The practice penalizes senior citizens with little credit, those who responsibly pay bills every month with cash or check, or those who have suffered financial crisis through no fault of their own.

- Abandoning the Sick: Health insurers looking to cut costs have taken to retroactively canceling, or rescinding, the policies of people whose conditions have become expensive to treat. Some insurance companies have even offered bonuses to employees who meet "cancellation goals" - cancer patients in the middle of chemotherapy have even been targeted.

- Canceling for a Call: Many people are rightly reluctant to make small claims on their home insurance for fear their insurance company will raise their premiums. But few realize that insurance companies often refuse to renew a policy just for making a phone call. Often an

insurance company will count an inquiry over the phone as the same as a claim, and then they will do everything in their power to drop you.

This new report follows AAJ's previous investigation that exposed the ten worst insurance companies for consumers. To read about tactics insurance companies use against policyholders, and how consumers can fight back, visit www.justice.org/insurance.