

Kristin Marshall

March 11, 2005

RE: HB 537

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I appreciate this opportunity to provide testimony to you in support of HB537, which seeks to prohibit adverse use of a consumer's inquiries regarding their insurance coverage.

Like the many other Montanans whose calls have flooded into the Montana Insurance Department, my introduction to the insurance industry's use of Comprehensive Loss Underwriting Exchange ("C.L.U.E.") reports, came in the form of renewal declarations I received that included a significant premium increase.

In my case, Safeco increased my 2003 homeowners' insurance premium 236.49 percent-- from \$411.00 to \$1,383.00. I contacted my agent immediately, sure there must have been some mistake. On the contrary, I was about to learn that Safeco was justifying this absurd premium increase largely by classifying (and reporting) as "claims" two policy inquiries I had made, which together with an actual hail loss of \$1,822.71, bumped me into the high-risk "three-claims-within-three-years" insurance category.

It is especially aggravating that Safeco was not even liable for payment on either of the policy inquiries it reported as "claims." One inquiry regarded a hole from a pellet-gun shot in one of my windows. This was a \$58 fix--far below my deductible (but nonetheless reportable by me under the terms of my policy Agreement). The second inquiry concerned a break in a Missoula County main-line water valve approximately 75 feet downslope from my house. Obviously, Missoula County repaired its own water line and also repaired my lawn. **No claim of loss was submitted for payment by Safeco** in either of these cases; neither of these incidents in

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any way increased my property's risk to an insurer.

I am a single mother of two and I could not even begin to afford Safeco's unjustified \$984 premium increase. Because I paid my homeowners' insurance through a mortgage impound account, my monthly mortgage payment immediately increased \$155.47 to cover the renewal shortfall and to collect for future renewals at my new annual premium amount of \$1,383.00.

My agent was as shocked as I was by Safeco's premium determination. On the basis of the falsely reported "claims," he requested re-evaluation of my premium from several different underwriters in Safeco's Spokane hub, all of whom refused his request. As I was also about to learn, Safeco had just rendered my property virtually uninsurable. After a month of research and telephone calls, my agent located only one other company that would issue full homeowners' coverage to me at that time, but also at an annual premium that exceeded \$1,000.

At issue in my experience is not only that an exchange of information was treated as if I had requested indemnification, but also the deceptive manner by which that information came to be collected.

Safeco argued to my agent that by calling the toll-free telephone number it published (for "24-hour policy and claims service"), I was making a claim; when my agent finally informed the last Safeco underwriter he spoke to that I likely would refer my claims-reporting issue to our Insurance Commissioner he was told, "We have every legal right to do that. We're doing nothing outside the law—we didn't cancel her. That's why we tell them to call you (the agent) first."

When I filed my formal complaint with the Insurance Department, I included copies of two years' renewal correspondence and policy declarations for my homeowners' insurance on which Safeco actually printed *its own* "24-hour policy and claims service" toll-free number in

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the space marked: **Agent Telephone**. As I also reported to the Insurance Department, that same telephone number also was printed in the same manner on Safeco's renewals of my automobile and boat policies, and on its amendment notices for all of my policies.

To underscore the emphasis Safeco placed on encouraging insureds to call its 800 number directly, I also sent the Insurance Department a copy of the bright navy/teal 8"x4" card Safeco previously had mailed to policyholders to "along with your agent," introduce its *Express Reporting* service: "Now, when you have a claim, contact us directly at 1-888-557-5010" (now 800-332-3226). Because Safeco insured my automobile at that time also, I received two of those cards.

I still also have at home the convenient refrigerator magnet my insurance agency sent to me with an old announcement that it had expanded its Family Lines Department to improve Safeco policy servicing by establishing--that's right--a toll-free telephone number for "customer service, including claims assistance, 24 hours a day - 7 days a week - plus holidays!"

Apart from situations in which consumers are deliberately or cleverly misled by insurers, as a now enlightened consumer I'm offended at being targeted daily with advertising that portrays the insurance industry as a paternal help-mate. The financial harm I suffered as a result of Safeco's erroneous "claims" reporting, and the numerous work, lunch, and family hours I spent trying to mitigate that harm, was significant to me. In following this issue, I have come to know that I am only one of *many* Montanans and indeed many Americans, who have been similarly affected--or worse--by false C.L.U.E. reporting. It disturbs me to realize that so many of us are being abused in this fashion without recourse. We are paying often exorbitant premiums for insurance coverage we may then chose not to use because we fear the industry repercussions for doing so. I can't think of any other consumer sector in which it is tolerated for us to not receive the product we've paid for.

It's really very simple: an insurance claim occurs *only* when an insured seeks payment of a claim which then results in an investigation *and* payment of or denial of the claim by the

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insurer. I fully support HB537 and respectfully ask that it be continued by this committee and supported for passage by the Senate in its present form.