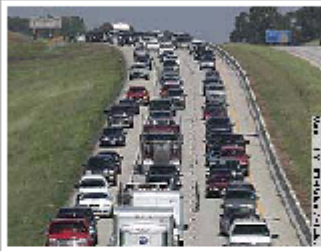


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## Auto insurers play hardball in minor-crash claims

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Most of the major insurance companies have adopted a take-it-or-leave-it approach with people filing minor-impact claims.

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By Drew Griffin and Kathleen Johnston  
CNN

ATLANTA, Georgia (CNN) -- If you are injured in a minor car crash, chances are good that you will be in the fight of your life to get the insurance company to pay all the medical costs you incur -- even if the accident was no fault of your own.

That's what CNN discovered in an 18-month investigation into minor-impact soft-tissue injury crashes around the country. Those are accidents in which there is little damage to the vehicle and the injuries to people are not easy to see by the naked eye or conventional medical tools like X-rays.

Since the mid-1990s, most of the major insurance companies -- led by the two largest, Allstate and State Farm -- have adopted a tough take-it-or-leave-it strategy when dealing with such cases.

The result has been billions in profits for insurance companies and little, if anything, for the public, according to University of Nevada insurance law professor Jeff Stempel.

"We can see that policyholders individually are getting hurt by being dragged through the court on fender-bender claims, and yet we don't see any collateral benefit in the form of reduced premiums even for the other policyholders," Stempel said.

"So I think now we can say to continue this kind of program is in my view institutionalized bad faith."

If you have never heard of the strategy, it's because insurance companies don't want you to know that they are paying out less and less for minor crashes even while their profits soar and your premiums continue to rise.

But after a review of more than 6,000 company documents and court records, interviews with a dozen people nationwide, including former company insiders, and conversations with accident victims, the picture is clear: If you challenge the offer by some insurance companies you will be left with no option but to go to court, where you will be dragged through the wringer.

### Expensive, time-consuming

In an affidavit in a New Mexico case where Allstate is being sued, one of the company's former attorneys said the strategy is to make fighting the company "so expensive and so time-consuming that lawyers would start refusing to help clients."

Shannon Kmatz, a police officer and former Allstate claims agent, said company employees were encouraged to get rid of claims quickly and cheaply and even offered accident victims as little as \$50, telling them to take it or leave it.

Both Roxanne Martinez of Santa Fe, New Mexico, and Ann Taylor of West Lafayette, Indiana, saw the practice firsthand.

Martinez suffered neck and back injuries when she was sideswiped by a driver insured by Allstate.

After three years, the company finally offered her \$15,000 -- a little more than half of what she needed for lost wages and medical bills.

She went to court, and four years after the accident a jury awarded her \$167,000 plus interest.

"It's kind of hard when you are thinking they are going to leave you broke. ... That was very stressful," she said.

Taylor was not as fortunate when her case went to trial.

The Indiana nurse was rear-ended by a State Farm employee driving a State Farm car. Damage to her car was minimal but she suffered herniated disc and muscle tears.

Taylor racked up medical bills and lost wages amounting to about \$15,000. The company offered her \$2,000.

"I was just very insulted," she said.

She sued, but three years later a jury came back with a judgment for her of only \$1,500.

The jury didn't believe she could be hurt in an accident in which the vehicle had barely a dent.

Three jurors told CNN photos of the two cars involved in the accident -- enlarged and prominently displayed by the defense -- played a huge role in their decision.

And one said they assumed Taylor had already been compensated by the insurance company and was just trying to get more money.