

# Legal Connections

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## ***DLG Client Featured On CNN's Anderson Cooper 360°***

### ***CNN Investigates Referendum 67***

Recently my client Michelle Tribble was featured on CNN's cable show **Anderson Cooper 360°**. The story addressed how insurance companies take advantage of legitimate accident victims by intentionally undercutting settlement offers and essentially forcing innocent victims to file expensive and time-consuming lawsuits just to recover their medical bills.

I was contacted by CNN about the case that I handled a few years for Michelle Tribble against her carrier Allstate Insurance Company. Michelle had been injured in two separate accidents occurring just 10 weeks apart. She was not at fault for either accident. Michelle received two herniated discs in her cervical spine. In the first accident handled by Safeco Insurance Company, Michelle was rear-ended and suffered whiplash. In the

second accident Michelle was T-boned by an uninsured motorist so she filed a claim with her own auto carrier Allstate. Safeco agreed to pay for its portion of the medical bills caused by the minor first accident. But Allstate refused to pay Michelle's medical bills attributed to the more serious second accident.

Due to Allstate's hardball position, Michelle was forced to file a lawsuit against Allstate and the other driver in the first accident. The case was transferred to mandatory arbitration. The arbitrator ruled that Allstate was responsible for paying \$35,000, which included past and future medical bills and some wage loss. Safeco's insured was ordered to pay as well.

Although Safeco was willing to accept the arbitrator's ruling, Allstate was not.

Instead Allstate appealed the arbitration award and requested that Michelle try her case in court before a jury of 12 persons. This made little sense because the arbitrator's award of \$35,000 was still well below Michelle's \$50,000 insurance policy that she purchased from Allstate. It wasn't as if Allstate was ordered to pay a windfall, in fact far from it compared with the amount of the policy.

When I tried to settle the case with Allstate after it appealed the arbitrator's ruling, the most it would offer was \$12,000 - an amount far less than Michelle's

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**My insurance company is demanding that I submit to a medical examination by a doctor it chooses. What do I do?**

This happens a lot. Here's the answer:

Politely tell the adjuster that you first want to learn about your rights and talk to an experienced attorney. Then request my book, ***The Ten Biggest Mistakes That Can Wreck Your Washington Accident Case.***



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## ***King 5 TV Investigates Allstate***

King 5 News recently reported on the discovery of secret documents held by Allstate Insurance Company that showed how this carrier purposely shortchanged legitimate claims to reap billions more in profits.

The documents were created by a business consulting firm hired by Allstate in the early 1990's. The firm, McKinsey and Company, recommended that Allstate adopt a policy to intentionally pay out less money to accident victims who filed legitimate claims. Although the claims filed by accident victims were clearly valid and involved legitimate injuries, Allstate found that by intentionally undercutting the

value of the claim by 20, 30 or even 50%, Allstate could earn more in profits. This policy was revolutionary in the industry since no other company adopted a specific policy of intentionally undercutting valid claims and forcing people to file lawsuits unnecessarily.

Allstate soon learned that the policy urged by McKinsey would help them reap billions more in revenue. Allstate found that most accident victims would not fight the policy by hiring an attorney and filing a lawsuit. Most victims would simply accept Allstate's lowball offer, even if begrudgingly and with animosity towards the company. Allstate

realized that when the company settled thousands of claims at a 10, 20, 30 and sometimes 50% discount, it meant the company could recover literally billions more in profits. Given the numbers involved, it is very easy to see how Allstate could reap a windfall, albeit at the expense and disadvantage of legitimate accident victims.

The consulting firm of McKinsey and Company is located in New York. The documents created by McKinsey and utilized by Allstate are now known as the "McKinsey documents." These documents have been requested in many lawsuits filed against Allstate across the nation. Allstate has



[www.Approve67.org](http://www.Approve67.org)

### ***Referendum 67 = Fewer Lawsuits***

*"If Referendum 67 passes insurance companies will be forced to treat their customers more fairly and pay legitimate claims more quickly. Thus fewer people will need to hire an attorney to get compensated for their injuries."*

— Chris Davis, Sept. '07

## ***Follow The Money Behind Opposition to Referendum 67***

New data on file with the state Public Disclosure Commission shows that the insurer-backed Consumers Against Higher Insurance Rates committee has raised \$4.78 million for its no-on-Ref. 67 effort. The same group had collected signatures forcing the Legislature's action onto the Nov. 6 ballot.

Of the donations, more than two-thirds, or roughly \$3.4 million, comes from out of state, led by the \$1.6 million given by Bloomington, Ill.-based State Farm Mutual Automobile Insurance Co.

NOW MY QUESTION IS THIS.. You mean to tell me that out of state insurance companies are spending millions of dollars to fight a law because it will allow the

industry to charge more for insurance? You mean the insurance industry is so concerned about saving Joe Public some money that its willing to spend millions of its own money to keep this from happening? GIVE ME A BREAK!!

Even if Referendum 67 will cause

higher insurance premiums, why would the insurance industry care?? It means more money in their pockets. The proponents of Referendum 67 are merely hired lobbyists and insurance company talking heads paid to fight this pro-consumer law. Nothing more.



## ***Follow The Money....Referendum 67 continued...***

People buy insurance, pay their premiums, and expect that insurance companies honor their commitment to policyholders. Referendum 67 simply requires the insurance industry to pay legitimate claims in a fair, reasonable, and timely manner.

About Referendum 67 (description provided by the Approve 67 campaign) More than 4,100 consumers in Washington file complaints with the Office of the Insurance Commissioner against insurance companies every year because legitimate claims have been unfairly

denied or delayed. Under our current law, there is no penalty for insurance companies that do not deal honestly with consumers. Unfortunately, some bad companies abuse the system by intentionally delaying or denying payment of legitimate claims.

If an insurance company unfairly denies a legitimate claim, your only recourse is to sue. But if you win, the only thing they have to pay is the amount of the original claim. Referendum 67 creates an incentive to treat legitimate claims fairly by allowing the court to assess penalties

if an insurance company illegally denies or delays payment of a legitimate claim.

Referendum 67 would help to ensure that the insurance industry honor their commitments to treat all policyholders honestly by making it against the law to unreasonably delay or deny legitimate claims.

Referendum 67 covers claims related to homeowner's insurance, auto insurance, long-term care insurance, property insurance and small business insurance. ■



## ***King 5 TV Investigation continued....***

vigorously contested releasing these documents. In one case Allstate has violated a court order by refusing to release the documents. The judge was not pleased and thereafter fined Allstate \$25,000 for each day that it refused to comply. Allstate has appealed that ruling.

When other carriers learned about the astronomical profits Allstate was earning from its new "business model," many of them followed suit including State Farm, Farmers and Safeco. The model essentially turned the insurance industry upside down on its head as far as the ability to earn more in profits without having to sell more insurance policies or without having to raise premiums.

I have experienced Allstate's "business model" first hand in

dozens of cases that I have handled for injury victims over the years. The model is now used by several other insurance companies who do business in Washington state. These insurance companies have a specific goal to make it as expensive and time consuming as possible for accident victims to recover fair compensation for their injuries. With this goal in mind, many times accident victims will not even receive an amount sufficient to cover all of the medical bills. The backlash has resulted in more lawsuits which clog our justice system and are a tremendous strain on our limited resources.

King 5 TV investigated Allstate's practices and interviewed some accident victims who have encountered the unfair settlement practices utilized by Allstate and other carriers. You can read and

view King 5 TV's investigation here.

In Washington State, a new law was adopted by the legislature to protect accident victims who encounter the hard-ball tactics employed by Allstate's new business model. This law was then appealed by the insurance industry and petitioned as Referendum 67 which is up for a vote this November. The insurance industry has spent more than \$8 Million to defeat Referendum 67.

The Washington State Insurance Commissioner has publicly voiced support for Referendum 67. Many Washington newspapers have also endorsed the passage of Referendum 67 including The Seattle Post Intelligencer, The Olympian, The Everett Herald, and the Tacoma Tribune.

Referendum 67 needs to become law to combat the unfair settlement practices utilized by the carriers who purposely undercut and devalue legitimate claims. Without Referendum 67 insurance companies like Allstate will continue to earn billions more in profits at the expense of legitimate accident victims. ■

### **STORY LINKS:**

#### **Anderson Cooper Video**

<http://www.youtube.com/watch?v=lvPW087RiJ8>

#### **King5 Story**

[http://www.king5.com/topstories/stories/NW\\_1004071INV\\_allstate\\_lawsuit\\_KS.13a0d7535.html](http://www.king5.com/topstories/stories/NW_1004071INV_allstate_lawsuit_KS.13a0d7535.html)

#### **Approve 67 Website**

<http://www.Approve67.org>

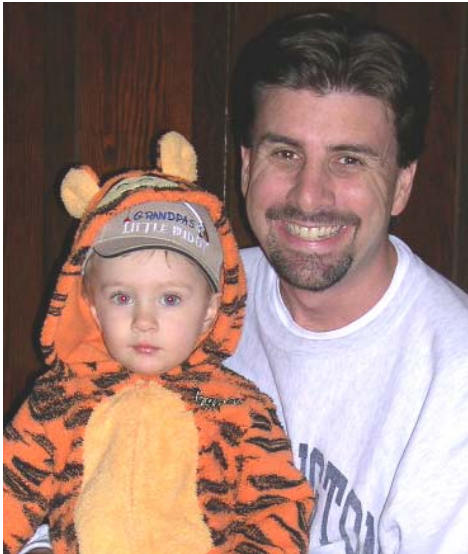


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*Don't you just love getting ready for Halloween?  
Chris & Jackson Davis, Oct. 2007*

***DLG Client Featured on CNN's Anderson Cooper continued...***

damages caused by the 2nd T-bone collision. Had Michelle accepted this offer she would have ended up owing several thousands of dollars for an accident she did not cause. To her credit, Michelle wasn't going to be bullied. She told me to fight on her behalf.

We managed to settle with Safeco and then proceed against Allstate only. The trial against Allstate lasted about 5 days. Allstate hired 2 doctors to testify against Michelle. They told the jury that Michelle suffered a simple soft tissue whiplash injury that should have resolved in a few months. They explained away the 2 herniated discs on the MRI scan by saying that they existed before the T-bone collision. Allstate's doctors also told the jury that Michelle had psychological issues and that she had a pre-existing back problem before the two accidents (she visited a chiropractor a few times a year earlier). Michelle's treating doctors said that she received legitimate injuries and that the herniated discs were most likely suffered in the second T-bone collision that was caused by the uninsured motorist.



The jury agreed with Michelle Tribble and awarded her damages of more than \$370,000 against Allstate. Then Allstate appealed the jury's award to the court of appeals. The appeal lasted almost two years. The appellate court then ruled that the jury's verdict should be reduced to the amount of Michelle's insurance policy issued by Allstate - \$50,000.

Michelle incurred court costs of more than \$17,000 and attorney fees that exceeded \$60,000. Fortunately the appellate court ordered Allstate to pay for these expenses. But not before Allstate dragged Michelle through the system for more than 4 years.

Washington state legislators enacted a law to combat the unfair settlement practices utilized by Allstate Insurance Company in the Tribble case. The insurance industry then spent millions to turn the law into a referendum to be decided by voters this November. If you believe that insurance companies should not be allowed to drag innocent accident victims through the courts and cause unnecessary expense and delays, then you should vote "YES" on Referendum 67. ■