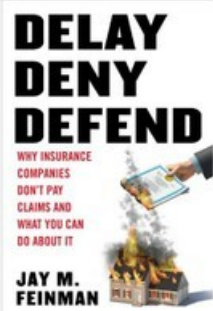


Law Professor Exposes Insurance Companies for Failing to Pay Claims



Jay Feinman, a professor at the Rutgers School of Law-Camden, says insurance companies avoid paying justified claims to improve their profits.

CAMDEN — Insurance providers promise to be good friends and allies no matter what life throws at you, but are they really there when you need them?

According to Jay Feinman, a professor at the Rutgers School of Law–Camden, it's time to face a harsh reality. An insurer's main objective is not to protect you; instead, insurance companies often avoid paying justified claims to improve their profits.

Feinman is the author of *Delay, Deny, Defend: Why Insurance Companies Don't Pay Claims and What You Can Do About It*, published by Penguin Group. In the new book, Feinman says insurance companies delay payment of justified claims, deny payment altogether, and defend their actions by forcing claimants to enter litigation.

It's sobering news for policyholders everywhere.

“It's simple arithmetic,” Feinman says. “Insurance companies want to make profits and they want to grow. By far, the largest cost they have is the cost of claims they pay out. Therefore, if they can reduce that cost even by a few percentage points, it makes a huge difference in the bottom line.”

Feinman, a widely noted legal scholar who teaches insurance law at the Camden campus of Rutgers, The State University of New Jersey, says insurance companies realized they could add to their bottom line by using claim payments as a profit center.

“The job of the claims department was to pay what the insurance company owes,” he says. “Starting in the mid-1990s, the insurance companies changed that.”

In the book, Feinman details what insurance companies do to avoid making payments on claims, from adjusters who receive cash incentives to reduce the amount paid out on each claim to an aggressive lobbying effort to enact laws that protect insurers from their customers.

“They put in computer systems that would calculate the value of the claims, which are subject to manipulation,” he says. “They removed discretion from adjusters. They became much more aggressive in defending litigation against claims and managing their lawyers.”

It's up to the consumer to take action to avoid becoming a victim and offers suggestions for fighting back, says the Rutgers–Camden scholar.

“Buying insurance exclusively on the basis of price is a mistake,” he says. “Investigate the kind of coverage you are getting, see if there are exceptions to the policy, make sure you have enough coverage and understand exactly what you're doing.”

Feinman also suggests researching the company's record of paying claims and always documenting your case.

“Most state insurance departments have websites and the National Association of Insurance Commissioners collects the data, which will tell you the number of complaints about claims filed against a company,” he says. “Also, be assertive. If it's a serious case, **get help from either a public adjuster** or an experienced insurance lawyer.”

Feinman says there are some similarities between the insurance problems he details in his book and the newly adopted health-care reform bill.

“What you see there is a different version of this story and now Congress has acted to correct at least some of those problems,” Feinman says. “There was a lot of discussion about the pre-existing condition exclusion. The parallel here is that increasingly, policies provide less and less coverage, but people don't know that in advance and therefore, when they have a claim, they don't get covered.”

Feinman says the public should pressure state insurance departments and commissioners to make a company's claims practices public. “There is law in a lot of states about when an insurance company is liable for violating fair claims practices and that needs to be expanded,” he says. “If there are no consequences, then the incentive is there to keep doing it.”