

US court backs insurance companies in credit law

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The U.S. Supreme Court on Monday reversed a ruling against two insurance companies that were sued for violating a federal law requiring that consumers be told when their rates have been increased based on their credit reports.

The court ruled that Geico Corp., the insurance unit of Warren Buffett's Berkshire Hathaway Inc., a Seattle-based auto and home insurer, might have, it did not act recklessly.

The decision was cheered by an industry trade group, the American Insurance Association. The association said it would insulate companies

from excessive notification requirements, and from being severely penalized for honest mistakes.

"The court's ruling provides guidance moving forward and makes clear that good faith efforts by insurers to comply with the law will not be punished as willful violations," Dave Snyder, the association's assistant general counsel, said in a statement.

The companies had been sued by customers who said the insurers did not give them the best insurance rates, based on information in their credit reports, and did not notify them, as required by the law.

Justice David Souter said in the court's unanimous opinion that willful failure covers a violation of the law committed in reckless disregard of the notice obligation.

He also said that initial rates charged for new insurance

policies may be adverse actions under the law.

A U.S. appeals court in California had ruled that consumers do not have to prove knowledge on the part of the insurers, but need only show the companies acted with "reckless disregard" for the law's requirements.

Although the Supreme Court said the appeals court correctly held that reckless disregard of the law would qualify as a willful violation, Souter said there was no need for the appeals court to send the cases back to a federal judge for factual development.

That is because GEICO's decision was not a violation of the law, and Safeco's misreading of the law was not reckless, Souter wrote.

The Supreme Court reversed the appeals court's ruling and sent the cases back for further proceedings.

The ruling by the U.S. Supreme Court means that insurers are not required to tell consumers when their insurance rates increase based on credit reports. Insurers can now say "Hey, we didn't intend to forget to tell them!" As long as there is no intent, it's okay to be reckless.

The case reached the U.S. Supreme Court after a U.S. appeals court in California ruled that consumers do not have to prove knowledge on the part of the insurers, but need only show the companies acted with "reckless disregard" for the law's requirements.

MICHAEL MOORE'S 'SICKO' EXPOSES INDUSTRY'S OVER-ALL STRATEGY

POA REVIEW

If you haven't seen 'Sicko', you might want to catch it, even if you are not a fan of the acidic Michael Moore.

In this latest documentary, the filmmaker exposes the harsh realities of the American healthcare system and compares the American system to universal healthcare offered elsewhere in the world.

Instead of chasing down corporate "suits", Moore takes on an even bigger target: the American public by asking an even more controversial question: What kind of people have we become?

Unlike previous films, Moore takes no political prisoners from either side of the aisle in 'Sicko' but his uncanny abilities to weave humor into an otherwise somber storyline and make a difficult story understandable to all is consistent with previous works.

You will see many common denominators between health and property/casualty insurers in terms of claims handling and denials.

It's a movie that leaves you thinking and makes you want to egg the house or car of the first insurance salesman you see.

It's recommended.

