



Consumer Federation of America

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Consumer Alert!

Consumer Federation Issues Warning about Auto Insurers that Make Unjustifiably Low Claims' Payments

The Consumer Federation of America (CFA) today issued a "Consumer Alert" warning Americans who have been injured in auto accidents that the computerized systems used by many insurance companies to process their claims often make unfair, "low ball" claims' offers. CFA offered advice to consumers on how they could protect themselves from these underpayments.

"Consumers should be very vigilant when dealing with automobile bodily injury claims generated by computer programs," said J. Robert Hunter, Director of Insurance at CFA. "By adjusting their computer systems to generate claims' "savings" without adequately examining the validity of each claim, these automated claims' systems can result in unfairly low payments to consumers."

CFA recommended that consumers take the following steps to protect themselves from these unjustifiably low claims' offers:

- Find out if your offer is generated by a computerized system like "Colossus." (Allstate is required to disclose this information, but disclosure is voluntary for other insurance companies.)
- Ask to see the high and low offers generated by the system.
- Do not accept any offer less than one in the "high" end of the range.
- If the insurer does not agree to an offer at the high end of the range, consider filing a complaint with your state insurance commissioner or seeking legal help.

A copy of CFA's complete consumer alert is available at [www.consumerfed.org/pdfs/Claims Consumer Alert 12-8.pdf](http://www.consumerfed.org/pdfs/Claims%20Consumer%20Alert%2012-8.pdf).

The Consumer Federation of America is an association of nearly 300 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.