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Insurance Commissioner Poizner Announces \$750,000 Settlement With Company For Alleged Claims Handling Violations

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The California Department of Insurance issued the following press release:

Insurance Commissioner Steve Poizner today announced a \$750,000 settlement with American Bankers Life Insurance Company for alleged claims handling violations. Violations include offering unreasonably low claims payments, failing to inform customers of their right to contact the Department of Insurance when a claim was denied, and unlawful delays in claim handling.

"Today's settlement reminds companies that they must play by the rules in order to participate in the California marketplace," said Commissioner Poizner. "As the state's leading consumer advocate, I will continue to make sure that Californians are protected and that companies follow the law or face serious penalties."

In May 2007, Commissioner Poizner formally issued an order to show cause against American Bankers Life Insurance Company. A CDI Market Conduct Examination in 2004 and 2005 reviewed 357 files and uncovered 172 violations - about a 50 percent error ratio. Another CDI exam discovered additional violations including using unfiled rates on some policies, and utilizing inconsistent methods to evaluate dwelling values. The Department alleges that the pattern and frequency of violations indicate a general business practice of claims handling violations, resulting in a \$750,000 monetary settlement.

This company has faced enforcement actions following two prior Market Conduct Examinations. Following their 1999 exam, American Bankers Life Insurance Company paid a \$250,000 penalty. They paid a \$500,000 penalty following their exam in 1997.

Electronic copies of the settlement, order and pleading for American Bankers Life Insurance Company are available on the Department of Insurance website.

Please visit the Department of Insurance Web site at www.insurance.ca.gov. Non media inquiries should be directed to the Consumer Hotline at 800.927.HELP. Callers from out of state, please dial 213.897.8921. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.

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