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## Insurers' Road Service Could Prove Costly

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TAMPA - Andrea Davis can't understand what two flat tires and leaving the keys in her car have to do with being rejected for auto insurance.

The answer lies in the optional emergency road service coverage the Lutz resident was persuaded to buy from her insurer, Geico, for \$12 a year. The bargain rate, one-fifth the cost of emergency road service from AAA, turned out to be no bargain at all.

Davis, 31, discovered how costly her Geico emergency road service was when she shopped for an insurer that could beat the \$1,400 a year she paid Geico for coverage on her 1999 Isuzu Rodeo. Florida's largest auto insurer, State Farm Mutual Auto Insurance Co., beat the price by several hundred dollars but rejected her because she had excessive road service calls under her Geico policy.

"They said I had too many claims," said Davis, a public relations manager with a perfect driving record. "I didn't meet their eligibility requirements."

Davis was mystified and asked for an explanation.

That's when the State Farm agent told her that three calls in three years for roadside assistance under her Geico policy counted against her as claims. Davis had two flat tires and once locked her keys in the car.

"If I had known it would have affected my ability to get insurance, I would have paid \$60 to get AAA," Davis said.

AAA (American Automobile Association) doesn't report its road service calls to an outside company, but insurers do.

## Database Tracks Service Calls

Insurance companies use a centralized database with tens of millions of records on U.S. motorists called Comprehensive Loss Underwriting Exchange. The data are maintained by Atlanta-area-based ChoicePoint, one of the country's biggest compilers of consumer data.

Insurers voluntarily report collision, theft, vandalism and medical payments stemming from auto accidents, road service and towing claims to ChoicePoint, which retains the information for five years. The company then sells the information to auto insurance companies checking the records of potential customers.

"Did I ask to get two flat tires?" said Davis, who says she's steamed about State Farm's refusal to insure her. She still has her Geico policy.

"There should be some disclosure," she said.

State Farm, which covers 2.7 million vehicles in Florida - more than one in five in the state - said an analysis of its customers shows those who have purchased and used optional towing and emergency road service reimbursement coverage are worse risks. They are more likely to have a collision or comprehensive claim than other State Farm customers, spokesman Chris Neal said.

The insurer won't cover new customers who have more than one claim in a year or three in a three-year period, Neal said.

State Farm doesn't offer emergency road service, as Geico and Progressive do, but instead reimburses policyholders for their emergency service calls.

In addition, Neal said, policyholders who file for reimbursement for multiple road service or towing claims in a three-year period also face nonrenewal of their policies or placement in the State Farm Fire and Casualty Co., the insurer's higher priced subsidiary for high-risk drivers.

"Two claims could be the tipping point," he said.

State Farm has taken road service and towing reimbursement claims into consideration since 1998, Neal said. A State Farm study of 2 million policyholders in 2003 showed that motorists who received reimbursement for a road service call were 33 percent more likely to have a collision or comprehensive claim within the next three years, he said. Those with two claims were 54 percent more likely, and those with three road service claims were 77 percent more likely to have another claim. "The towing and road service claims have turned out to be highly predictive of future losses," he said.

It is unclear how many of the several hundred auto insurers in Florida use road service calls to penalize customers. Three of State Farm's largest major competitors - Progressive Insurance, Nationwide Insurance and Allstate Insurance - say that although they report the road service and towing reimbursement claims to ChoicePoint, they don't use them as a factor for new or existing customers.

Geico spokeswoman Christine Tasher confirmed the company reports road service claims to ChoicePoint, but she would not say whether her company penalizes new or existing customers for using the service.

Davis said her Geico rates have stayed relatively consistent despite her calls.

## Consumer Advocates Outraged

Consumer advocates say the practice of penalizing customers for road service calls is wrong.

"It's outrageous. You use your road service policy and lose your insurance," said Tena Friery, research director for the Privacy Rights Clearinghouse, a nonprofit consumer group.

If motorists knew they could be penalized by their insurer for using road service, they would never sign up for the service and instead would go to AAA or another motor club, Friery said.

Geico's advertisement on the Internet stresses that emergency road service is inexpensive. "As little as \$12 each year per car could mean the difference between getting back on the road quickly or just sitting by the road waiting," the Geico Web site says. "And, unlike a motor club, there is no extra charge for additional drivers."

State Farm's coverage, at \$3.20 a year, seems like an even better deal. State Farm doesn't tell customers that using their coverage for reimbursed towing and road service calls could be used against them, Neal said. "We don't make money on road service; we do it as a convenience for our customers," he said. The company tracks drivers' claims going back three years.

If State Farm has the data to show that drivers with road service claims are riskier than other motorists, it should make it public to prove its point, Friery said.

Neal said the data are propriety.

Robert Hunter, insurance director of the Consumer Federation of America, said that unless repeated road service calls point to someone not maintaining their car, insurers don't have justification for penalizing drivers.

"If your engine is about to fall off, if your car is falling apart, it could be a risk to the insurer," he said. "That's not the same as hitting a pothole and having a flat tire. What does that have to do with whether I am a good driver?"

The practice should be outlawed, Hunter said.

Tom Streukens, deputy commissioner of the Florida Office of Insurance Regulation, said there's nothing in Florida law that prohibits insurers from using road service calls to screen customers.

There have been no complaints from the public, and he doesn't see any need to regulate insurers over the issue, he said.

ChoicePoint officials said they have collected information about road service and towing claims since the CLUE report was developed in 1987. ChoicePoint wanted to be able to give car insurance companies full data on claim costs, so it included towing and labor as a category on the report, said Steve Gillard, assistant vice president of data services.

ChoicePoint makes no determination on the information collected. It's up to insurers to use the information as they choose, he said.

Meanwhile, Davis has taken control of the matter. Several weeks ago, she dropped her emergency road service coverage from Geico and joined AAA.

**This story can be found at:** <http://www.tampatrib.com/MGBIMO9K8HE.html>

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