



BUSINESS

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Allstate settles lawsuit

Insurer will reimburse drivers for medical costs

By PHUONG CAT LE
P-I REPORTER

Allstate Insurance Co. will reimburse thousands of Washington drivers for out-of-pocket medical expenses under a tentative settlement of a class-action lawsuit.

Pamela Coffell of Snohomish County sued Allstate in 2005, alleging that the company arbitrarily limited payouts of reasonable medical expenses resulting from a car accident.

Rather than cover the full cost of her medical bills, the company used a billing software program that arbitrarily determined the average pay rate for a procedure in the geographical area and then paid out only 85 percent of the rate, said David Breskin, an attorney for plaintiffs.

Coffell had personal-injury protection on her car insurance and paid premiums on the policy, believing that Allstate would cover the full cost of reasonable expenses regardless of who was at fault, said Robert Kornfeld, another attorney for the plaintiffs.

After she was involved in a car accident in July 2004 and submitted her medical expenses, Allstate often didn't cover the full costs, leaving her to make up the difference, Kornfeld said. The company never explained why, he added.

The amount may have been small each time, but it added up to hundreds of dollars that Coffell had to pay out of her own pocket to cover the gap, Kornfeld said. "They should be forced to disclose that. It's not fair," he added.

Ryan Priest, a spokesman for Allstate, said the company has entered a tentative settlement. "However, we deny wrongdoing in connection with the litigation," he said. "We believe our medical bill review practices are in full compliance with Washington state law."

A hearing to complete the settlement is scheduled for Nov. 19 before King County Superior Court Judge William Downing.

The lawsuit, which was certified as a class action, may affect 30,000 to 40,000 insured in this state, Breskin said.

The tentative settlement covers anyone who was injured in an accident covered by an Allstate car insurance policy and filed claims under personal-injury protection or Medpay coverage and whose claims were adjusted using "the ADP or Mitchell Medical bill review system," according to the settlement.

Those covered by the lawsuit will receive \$45 and a percentage of their out-of-pocket expenses based on their coverage, according to the settlement.

"Adjusters do use medical review databases to assist in making fair and accurate claim payment determinations, and that is a common practice in the insurance industry," Priest said. "Without proper medical bill review, auto insurance could quickly become a blank check for inflated charges and potential fraud."

But attorneys for the plaintiffs argued that Allstate didn't make a determination that such expenses were unreasonable before deciding not to pay them in full. Consumers might want to consider that before buying the policy, they said.

Personal-injury protection "covers reasonable and necessary medical expenses for injuries sustained in an automobile accident, up to three years from the date of the accident and up to \$10,000," according to the state Insurance Commissioner's Office. It also allows for income replacement, funeral expenses and loss of services.

Washington has a mandatory insurance law, but it doesn't require drivers to have personal-injury protection. Insurers, however, are required to offer the coverage.

P-I reporter Phuong Cat Le can be reached at 206-448-8390 or phuongle@seattlepi.com.