

Allstate sponsorships raise local ire

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In a queue of more than 100 taxis that idled Thursday evening at Louis Armstrong New Orleans International Airport, Farouk Sattar sat in the driver's seat of his cab and waited for another chance to share his pointed message about Allstate Insurance Co.

As the suburban Chicago company's name has echoed in recent weeks with every mention of the 2008 Sugar Bowl or BCS national championship game — both sponsored by Allstate — the insurer's connections to New Orleans have become all but ubiquitous.

But Sattar's critique falls far afield of the glowing commentary that accompanies the official special-event references. It starts with the newly adopted name of his one-man taxi service: You Are In BAD HANDS With Allstate Insurance.

Painted weeks ago onto the side of the 61-year-old Sattar's Chevy Astro van, the moniker reflects the taxi driver's fury with the nation's largest publicly traded personal lines insurer. He says the company stiffed him \$30,000 he needed to cover damages that Hurricane Katrina caused to contents of his Slidell home, then canceled his policy because he missed a premium payment after his bill was sent to the wrong address.

With college football fans still streaming into town for the second Allstate-sponsored gridiron match-up in as many weeks, Sattar is sharing his saga with out-of-towners who likely have little notion of the animosity many locals harbor toward the company. The exercise, he said, provides an outlet for the ire he feels every time he sees his former insurer's name touted in ad campaigns.

"I'm looking at it, and it bothers me. I'm thinking this is the biggest lie. They're lying to the population," Sattar said. "Obviously, Allstate is not well-loved here."

The most complaints

It's a sentiment the company can't seem to shake, even on the eve of the crowning event of what will be a four-year stint as the Sugar Bowl's title backer: sponsorship of Monday's national championship between the LSU Tigers and Ohio State Buckeyes.

In spring 2006, Allstate was the subject of the largest number of complaints filed with the Louisiana Department of Insurance. As the state's second-largest writer of homeowners insurance, Allstate had

drawn 1,254 complaints related to claims from Hurricanes Katrina and Rita, easily topping the 703 complaints made against State Farm, the biggest provider of homeowner insurance.

The Allstate finding triggered a special examination of the company's handling of storm claims. But when the results of the Insurance Department's investigation were released in March 2007, the department said it found no pattern of bad behavior by the company.

Allstate says the market-conduct exam vindicates its claims-handling practices, and the results of the study have even been cited more broadly in congressional testimony as evidence that insurers upheld their obligations after the storm.

When customers express dissatisfaction with their settlements, Allstate generally says that it cannot discuss individual situations, but handles each situation fairly — and notes it has paid billions to rebuild the Gulf Coast.

For this story, Allstate did not respond to questions about the gap between its marketing efforts and public perception, as evidenced by recent letters to the editor and Sattar's provocative company name. Allstate spokesman Raleigh Floyd said he wasn't qualified to answer questions about local situations in New Orleans, and punted to other corporate communications officials, who did not make anyone available for an interview.

"Overall, Allstate is proud of the work that we have done on behalf of policy holders in Louisiana and the Gulf Coast region and we are proud to be the title sponsor of the Allstate Sugar Bowl and the Allstate BCS National Championship Game," spokeswoman April Eaton-Robinson wrote in an e-mail Friday.

Contributing factors

Aside from objections many homeowners have raised about the handling of their storm claims, public criticism of Allstate derives from several major public dust-ups involving the insurer in 2007. After being reprimanded by the state Insurance Department for a flawed property inspection process, the company in April lost the first Katrina jury trial to be completed in federal court in Louisiana, then found itself among the insurance companies named by Attorney General Charles Foti in a price-fixing lawsuit.

After initially challenging the state insurance commissioner, Allstate agreed to redo its home inspections and reinstated policies for 537 of the 775 customers who complained that their home insurance policies were unfairly canceled. When Slidell doctor Robert Weiss won a \$2.8 million judgment against Allstate, the company settled the suit for an undisclosed sum.

Allstate and other companies say that Foti's antitrust suit is without merit.

Allstate Foundation

Despite its battered local reputation, Allstate hasn't passed on opportunities to tie its brand to college football. But as local marketing and public relations experts observed, the company is taking conspicuous

steps possibly intended to soften — or distract from — the hometown ill will.

First, Allstate has intensified charitable work through the Allstate Foundation, which this year has partnered with Saints quarterback Drew Brees and other foundations to build playgrounds in New Orleans. A recent news release says the first playground cost \$70,000, plus “thousands of dollars more” in donated materials and labor. The Little Hands Playground at the Lyons Center in Uptown opened Friday, a block-party affair just in time for crowds and cameras.

Cost estimates were not available for the other sites, which according to organizers have not yet been selected.

The company also has focused its game-related TV and print advertising on lucrative auto insurance products, not the home insurance services for which it is best known and which could draw attention to the problems of south Louisiana customers, Loyola University communications professor Cathy Rogers noted.

Allstate’s continued willingness to link its corporate trademark to New Orleans — with images of the French Quarter and Superdome sure to figure prominently in television coverage — undoubtedly will work in the company’s favor since most football fans outside the storm zone are ignorant of the rift between many Katrina victims and the insurer, Rogers said.

As a result, she said, national recognition that the company is sure to gain by affixing its name to two of the biggest events in college football offsets any heightened local resentment.

“The benefit that Allstate is) gaining nationwide, in their mind, might outweigh the disadvantage locally of angry Allstate policyholders or former policyholders who feel terribly hurt and angry and upset at their insurance carrier spending all this money on sponsorship,” Rogers said.

Such is the crux of local residents’ wrath. Amy Bach, executive director of United Policyholders, a California nonprofit that helped Louisiana homeowners with their claims after the storm, said it’s offensive for policyholders to see their premium dollars going to advertising rather than to rebuilding their homes.

“These massive advertising and public relations projects look great, but it’s really a kick in the stomach to people who didn’t have their houses put back together after Katrina,” she said.

‘A national event’

Long before Katrina, Allstate had been hunting a major bowl game to sponsor as part of its marketing and philanthropic efforts linked to football programs at 54 universities throughout the country, Floyd said. In an odd turn of fate, it was not the Rose Bowl or the Fiesta Bowl or the Orange Bowl that became available in spring 2006, but the Sugar Bowl in New Orleans, where Allstate adjusters were busy documenting Katrina claims.

"Our product is, at the end of the day, not something you can feel and touch like a Pepsi or a Black & Decker product," Floyd said. "We need to find a way to be something tangible that people can feel on a day-to-day basis. It's more about tapping into a passion, and college football is something that many people are passionate about."

Terms of the sponsorship deal are confidential. Allstate says that through the BCS game, it hopes to reach college football fans nationwide, but its local outreach efforts are only strengthened by LSU's participation in the game.

"The BCS is a national event," Floyd said. "And of course, locally, it's great that we're able to support New Orleans with an event that will bring an estimated \$400 million to the community."

It's precisely that perspective, however, that infuriates Joel Loeffelholz, a New Orleans attorney whose home in Lakewood South was destroyed by the flood.

Though Loeffelholz's property was not insured by Allstate, he said he was infuriated when he read news reports about the company's failed attempts last year to have a federal judge seal a claims-handling manual and other instructions to adjusters that in Loeffelholz's view were designed to "nickel and dime" consumers.

"They're not doing this for any benevolent reason," Loeffelholz said of Allstate's sponsorship efforts. "You can bet on that. It's corporate greed."

Fred Zeile, a retired Navy meteorologist who works as a contractor for the National Oceanic and Atmospheric Administration, agreed. Zeile, who lives in Eden Isles, a north shore enclave that flooded heavily during Katrina, said his anger boils over every time he hears about Allstate's philanthropic efforts. He said the insurer canceled his elderly mother-in-law's homeowners policy after Katrina, forcing her to switch to far more expensive coverage offered by the Louisiana Citizens Property Insurance Corp.

"I grit my teeth every time I hear the word Allstate," he said. "There's not a lot of points left on my teeth."

Risk is tolerable

However risky it may seem to launch a national marketing effort from New Orleans at a time when many locals are still fuming about the company, Malcolm Schwarzenbach, president of the New Orleans chapter of the American Marketing Association, said Louisiana is probably a small slice of the company's business across the country, so Allstate is willing to take the risk.

Smart companies understand that they will gain enemies as well as fans and they can't control what people will say, so they try to win over consumers with efforts such as playground building while sticking to their marketing goals. It would be worse for Allstate to retreat in the face of pressure, Schwarzenbach said.

"I suppose there are some risks, but unless somebody organizes a protest on a grand scale, I'm not sure it gets much press," said Schwarzenbach, who is also director of brand study at local advertising firm Trumpet. "You have to know that you can't control everything. You just keep running your race."

Lloyd Frischhertz finds himself at the midpoint of the opinion range.

Frischhertz, who owned three Lakeview homes that flooded, is a trial lawyer who since Katrina has represented plaintiffs suing insurance companies over storm-related claims. He also is a member of the Sugar Bowl Committee, a panel of community and business leaders that directs the annual event.

From his vantage point as a resident and litigator, Frischhertz said a cadre of entities have sparked his dissatisfaction since the storm, including the insurance industry. The list also includes President Bush, Gov. Kathleen Blanco, Mayor Ray Nagin, the Army Corps of Engineers and other government officials who have faltered in leading the recovery.

None was prepared to succeed during the Katrina disaster, he said.

That said, Frischhertz lauded Allstate's performance as the sponsor of this year's Sugar Bowl and BCS championship game. Without the company's support, he said, New Orleans would not have been able to compete with other cities hosting major bowl games.

"We got two games this year that are pumping tremendous economic benefit to the city," he said.

"This is just awesome. There's a lot of money that they're spending to promote the city. Allstate came to the plate, and they made this possible."

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