

“Use it and lose it” is a very serious threat to the integrity of our insurance system

This recent “Share Your Story” email to UP from a Wyoming consumer captures how the [“use it and lose it”](#) phenomenon is one of the most serious threats to the integrity of the insurance system today.

“We had a fire two years ago. It started when an extension chord that had been plugged into to a socket overheated and a box had fallen on top of it. The box caught fire and caused substantial damage in the home. My wife and myself were found to be at no fault in the situation by the fire marshal and the insurance investigator. Nation wide paid out a very large claim to have the repairs completed on my home and my personal property replaced. When it came time to renew my insurance with them they dropped us.

Now the insurance companies are completely taking advantage. Our insurance doubled the first year because we were labeled high risk. I am 50 years old and never had a claim before this fire. How can something that was in no way our fault make us high risk? How come the insurance companies are able to drop you or fail to renew when it was determined to be an accident? The banks require insurance on a mortgaged home, so we absolutely have no option but to have insurance. 3 months ago my wife was diagnosed with breast cancer. We are already struggling without these unfair practices. I think it should be against the law to drop someone or refuse to renew because they have a claim. Can anyone help us. Signed, Hopeless in Wyoming”

The more insurers abuse technology like the [C.L.U.E database](#) and Verisk Analytics to individuate and segment risks and defeat the pooling value of insurance, the less effective the system is going to become. And the more consumers feel penalized for using the insurance they’ve paid for – *especially when their rate goes up or they get dropped for filing a claim for a loss or accident that wasn’t their fault*, the less they want to buy insurance. That’s why United Policyholders supports reasonable restrictions on post-claim rate increases and non-renewals, and that’s why we’ve been fighting “use it and lose it” since

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the phenomenon emerged. The growth of online databases of personal information and tools for profiling consumers has fueled this problem by making it almost irresistible to insurers to use these tools to minimize payouts and maximize surcharges.