

What's the point? A “use it and lose it” Update

Most people pay their home, business, and renters insurance premiums for years and years without ever having a loss or using the policy they're paying for. Yet even people who've had a long claim-free record are finding that after they do suffer a loss and file a claim, they get dropped (non-renewed). This has been happening more and more as insurers base their business decisions on data-mining and information technology. People are finding that when they use their insurance, they lose their insurance. And it can be very hard to find another insurance company to replace the policy at a comparable cost. This really outrages people, as it should. It is very unfair. It's not like you get a refund for all those years you paid for the insurance but didn't use it...And what is the message insurers are sending consumers through this practice: Don't file claims. Call me cynical, but it sure helps insurers' bottom line when they don't have to pay those pesky claims...

Here's a letter we got just today from Scott S., in North Palm Beach, Florida: “What is the point in having insurance if you have to be afraid to use it in the event of a major event that causes damage to your home? Since there are very few companies writing policies in South Florida for older homes I feel that our only option will be to go back to Citizens (which from past experience is going to be the worst possible scenario). I have reached out to Tower Hill to see if they would reconsider our renewal and also to the State of Florida Division of Insurance Regulation since it does not seem fair to cancel our policy just for using the coverage that we paid for.”

UP guides consumers on strategies for replacing coverage after a non-renewal (see “More Info” below”). And we've been [working for many years](#) to get laws passed that will regulate insurers' ability to increase premiums and drop customers after they file claims, but insurance lobbyists have thwarted most of our efforts. In the interest of rebuilding the public's trust in the value of the products they sell, insurance companies need to pow-wow with their lobbyists and we need a compromise plan.

We need new rules that will allow consumers to be confident that insurance is worth paying for, and that

allow insurers to make business decisions that will restore a healthier competitive marketplace. Insurers need to rebuild the public's trust. Fixing the use it and lose the problem is a great place to start.

Causes of this "use it and lose it" phenomenon include personal and financial data mining, the Comprehensive Loss and Underwriting Exchange, (CLUE), and the fact that insurance companies are exempt from anti-trust laws. By subscribing to CLUE, insurer F can see insurer A's customers' claim histories and vice versa. Data mining, CLUE, social media have made it very easy for insurance companies to see your credit standing, claim history, and all kinds of other information about you and your assets. This "TMI" (too much information) is not helping insurers or insureds, and is a major cause of the use it and lose it phenomenon.

At Tee-UP we are honoring Congresswoman Jackie Speier for taking this issue on when she was a state-level elected official in California. Because insurance is regulated at the state level, we need other state representatives to take up this important cause.

What's the point of buying insurance? An economic safety net. But it can't be a net that disappears after the first time you use it...

More info:

Dropped by your insurer? Where to go for help in [California](#), [Colorado](#), [New Jersey](#), [New York](#).