

AMCO to pay \$19.3 million in settlement

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A Des Moines insurer and its parent have agreed to pay about \$19.3 million to policyholders who claimed the companies failed to inform them adequately when changes to their credit scores led to higher rates on their auto insurance coverage.

An agreement was filed Monday in U.S. District Court in Portland, Ore., for Nationwide Mutual Insurance Co. and AMCO Insurance Co. to pay policy owners. Officials from Des Moines-based AMCO, which is a unit of Nationwide, said that as many as 67,000 policyholders will receive checks. There was no breakdown on how many of those policyholders live in Iowa.

Steve Larson, who represented the plaintiffs, said affected AMCO policyholders should receive checks of about \$200 each by the end of the year. They already have been notified about whether they qualify for the settlement.

Nationwide, of Columbus, Ohio, and AMCO did not admit guilt in the settlement of the lawsuit, which was filed in 2001 in Oregon.

Larson argued that AMCO did not properly disclose to policyholders that their rates would be rising because of changes in the credit scores. Federal law requires such a notice.

Larson's firm has filed similar lawsuits against five other national auto insurers. Tens of millions of policyholders are involved in those actions, none of which involve Iowa-based insurers.

Most insurers across the nation have developed scores, based upon readily available credit information, that they say helps them predict whether a policyholder will file a claim. And most states, including Iowa, allow the practice.

Insurers claims that scores are actuarially sound, but many consumer advocate groups contend that they discriminate against lower-income insurance seekers.

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