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Settlement may give drivers a bit of cash

Auto - Two insurers accept a proposed deal concerning their use of credit reports to set individuals' rates

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More than 67,000 people from Oregon and other states who renewed automobile insurance between 2001 and 2004 would receive more than \$19 million -- about \$285 each minus attorneys fees and costs -- under a proposed class-action settlement.

The settlement involves Nationwide Mutual Insurance Co. and AMCO Insurance Co.

The defendants do not admit wrongdoing. Their attorney, Brant W. Bishop of the Kirkland & Ellis firm in Washington, D.C., declined to discuss the settlement.

The lawsuit, filed in U.S. District Court in Oregon in 2001, claimed that insurers were using credit ratings to increase insurance rates without any notice or without adequately informing consumers as required by the Fair Credit Reporting Act.

The proposed settlement was signed last week. If U.S. District Judge Anna Brown approves it in the next month or so, notices will be sent informing the 67,006 class members of the proposed settlement and giving them 60 days to decide whether to opt out.

If people do not receive a notice, they are not in the class and are not eligible for part of the settlement.

After the notice, Brown would hold another hearing, probably in the fall, to deal with any objections to the settlement and determine how much attorneys for the plaintiffs should receive.

Steve D. Larson, the lead plaintiffs' attorney with the Portland-based Stoll Stoll Berne Lokting & Shlachter, said the standard attorney fees in such a case is 30 percent.

Class members include Nationwide and AMCO automobile policyholders.

Eligible Nationwide policyholders were renewed between Jan. 1, 2002, and Dec. 31, 2004, and received a certain notice purporting to inform them that their rates had been increased based on their credit reports, according to the lawsuit or the settlement.

Eligible AMCO policyholders were renewed at higher rates between March 3, 2001, and May 15, 2004. Some received a certain notice while others did not, according to the lawsuit or the settlement.

People who initially bought insurance from Nationwide, AMCO or their subsidiaries or affiliates during these time periods are not eligible. Likewise, people who purchased or renewed their insurance policies with other companies are not eligible.

The exact sum of the proposed settlement is \$19.25 million.

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