

Auto insurers relying more on national database

By DIANE LEVICK 3-4-90
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You lie about that fender-bender two years ago, or maybe innocently forget a speeding ticket when applying for auto insurance.

After all, you really need coverage and want the lowest price. But you may get neither.

Lies and memory lapses are haunting consumers more these days because the insurance industry has a new weapon to get the truth.

Many insurers now are using a computer database to share information on customers' auto claims. The companies use the system to screen some or all applicants for auto insurance.

Few drivers know about the system — the Comprehensive Loss Underwriting Exchange — but it affects an increasing number of motorists.

The information the database turns up that isn't on a customer's application could cause a company to cancel a policy or raise premiums, depending on the company and the nature of the information.

A growing number of companies are joining the computer system or increasing their use of it. The system was created and is operated by Equifax Inc. of Atlanta, which also investigates some applicants for life or health insurance, and reports on consumers' credit.

Companies say the database will save them money and thus help restrain rising insurance premiums.

"The bad guys with accidents have been bilking the insurance industry out of a lot of money," said Robert Dallesander, president of the Professional Insurance Agents of Connecticut Inc. "I don't feel sorry for the guy who gets caught because he's lied. Right now, you and I as clean drivers are paying for the guy who's moving from (company to company)."

Equifax and insurance companies created the database because "motor vehicle records in many states don't really provide a full story," said John J. Javaruski, an assistant vice president in personal lines at ITT Hartford Insurance Group.

Database users still search states' motor vehicle records for traffic violations, but many states don't record accidents or their records are incomplete.

The database reports insurance claims from the past three to five years, their status and their cost to insurers, updating the information monthly.

A company may invest more than \$1 million in staff time and money to become part of the system, and then spend an average \$2.25 for each application check.

The Federal Trade Commission brought administrative action against Equifax in 1972 after alleged inaccuracies in the company's reports on consumers, but the company was later cleared by the U.S. Court of Appeals in Atlanta, said Linda Hicks, Equifax's manager of public relations.

But consumers may not know such reports exist if they haven't been hurt by them, and that troubles some

authorities on privacy and civil liberties issues. Insurance applications don't specifically mention the database.

Consumers who haven't been affected by a negative database report can order a copy of their file for \$10.

Consumers can obtain a copy of their database report by sending a \$10 check or money order payable to Equifax to: C.L.U.E., National Consumer Service Center, P.O. Box 105094, Atlanta, Ga. 30348-5094.

Employers violate workers' privacy rights

Editor, State-Times:

The right to privacy is often taken for granted. Our "right" to privacy doesn't appear to be a problem until we experience the controlling influence of an employer over an aspect of our personal life. We may not like it, but we need the job so we give in to any manner of employer investigation or "request."

The Louisiana Consumers League is very concerned about how employers are interfering with private lives of their employees. Our preliminary data demonstrates a compelling problem for employees and people seeking jobs.

For example, Shell Oil Company's president, Frank H. Richardson, issued a memo on Sept. 11, 1989, under the noble guise of clarifying their "conflict of interest" policy while, in fact, he spelled out a "loyalty" credo.

Shell's policies force allegiance from their employees and their immediate families by requiring permission from immediate supervisors to hold hard assets, such as NASDAQ listed stocks, bonds and mineral rights to property, or even taking a part-time job to supplement household income. On the surface, it may sound fair or justified, except that this "conflict of interest" policy enables Shell to reap the benefits of an employee's holdings with the "right of first refusal." Disclosure to avoid conflicts of interest are necessary. Requiring "permission" from a supervisor crosses the line of propriety or just cause.

More obvious personal preferences are also affected when employees are told they cannot smoke, even at home, if he or she wants to retain his or her job. As long as personal

preferences and activities do not affect job performance, an individual's private endeavors are none of his or her employer's business.

Employers are also taking liberties with prospective and current employees' privacy rights by creating and/or subscribing to computer information databases, such as credit bureau reports tailored for employers and worker-injury reporting from Employee Information Services to effectively blacklist workers with prior work-related injuries.

An employer's near absolute control over our private lives invokes the real fear of "Big Brother" when we are not free to live our private lives as we see fit, or if we lack timely access to computer-generated information that affects the course of our lives and opportunities. State law should be changed to allow due process hiring and firing rights for prospective and current employees. Credit reports are well known to be flawed. The process of purging wrong information is lengthy, readily causing the loss of a job or credit opportunity.

We need assistance from consumers/workers to protect privacy rights by providing us information about intrusive company policies and practices. Contact the LCL Privacy Rights Project at P.O. Box 1029, Baton Rouge, LA 70821, or 504-344-7416. LCL is a statewide, non-profit consumer-supported information and advocacy organization founded in 1968.

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Auto records as job information?