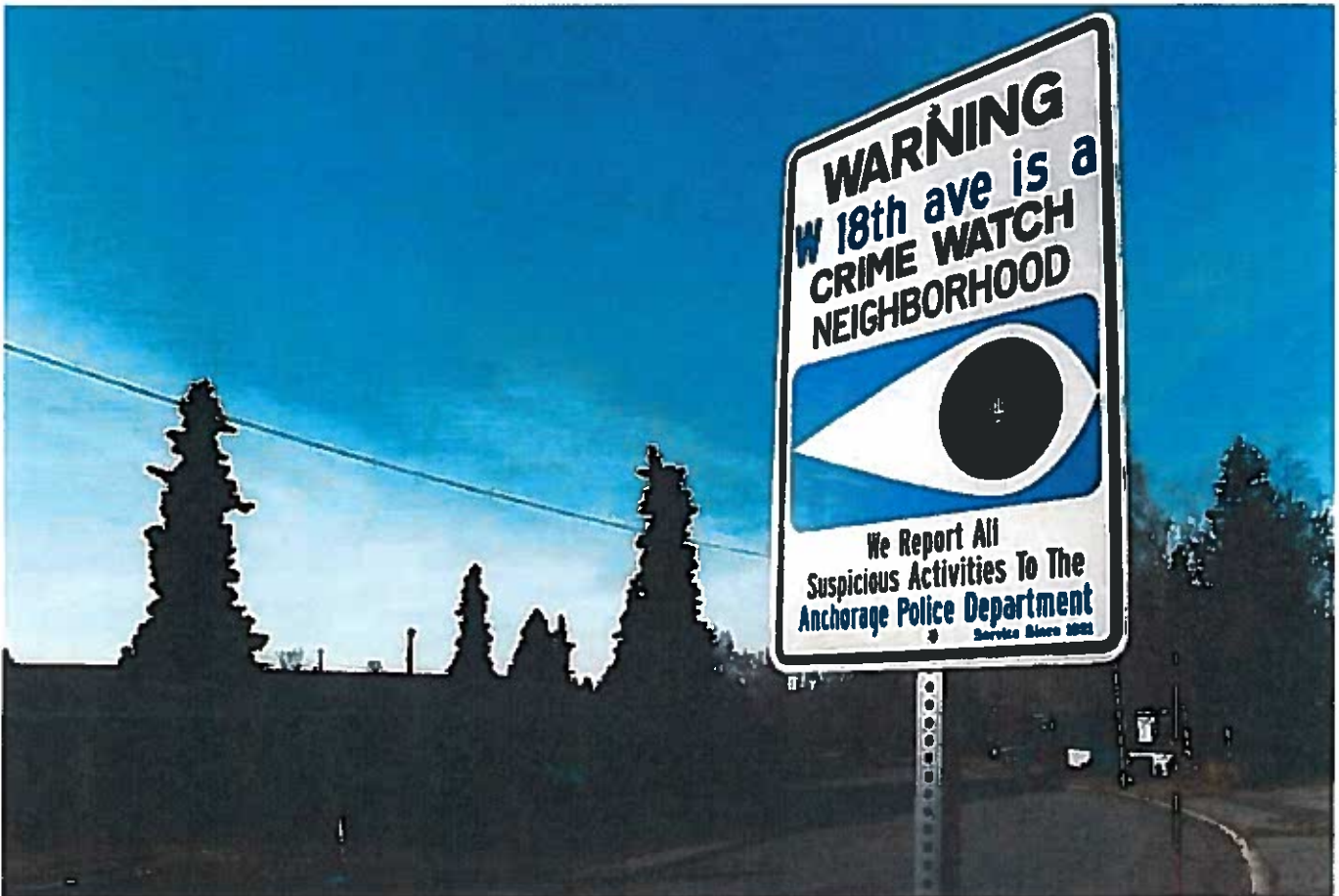


# ANCHORAGE DAILY NEWS

Opinions

## Filing an insurance claim? Be aware of the potential consequences.

✍ Author: Penny Gage | Opinion ⓘ Updated: January 14 📅 Published January 14



*Neighborhood Crime Watch sign posted at West 18th Avenue on Monday, Oct. 27, 2014.*

The summer of 2018 was a rough one.

One afternoon on the way home from work, an uninsured driver backed into my car at a four-way stop. Around the same time, our home was plundered: The first-floor apartment my boyfriend and I share was broken into and severely burglarized. Midday on a Friday in June, someone smashed a window, crawled inside and stole everything of value we own: laptops, jewelry, television, passports. They even took some things that had little to no value, like shampoo, make-up and body wash. The intruders seemed to know what they were doing, targeting things

with resale value, stuffing them into our spare suitcases and totes, then walking out the front door. To date, nothing has been recovered and there have been no leads, at least not shared with us since following up with the police.

State Farm, the company I have both car and renters' insurance with, was a wonderful help through both of these incidents, especially my local agent. They covered the repairs to my vehicle after we found out the driver who hit me was uninsured. And they helped replace most of our possessions through our renters' insurance claim, totaling nearly \$10,000.

But there's a catch.

The company recently told me they will no longer insure us on the renters' policy past 2019. They have decided we are not worth the risk since we filed a claim within six months of starting a policy with them (apparently a big no-no). This was surprising, to say the least. Our insurance payments were always made on time. We live in what I consider to be a pretty safe area and the home has never been burglarized before. After the burglary, we took more safety precautions. The door locks were changed, we paid to install a camera system and our landlord added locks to the backyard gates. Even still, the insurer will not cover us (the only reason they didn't dump us sooner is they failed to inform us before the deadline that they were planning on dropping us).

As for the minor fender-bender with my car and the uninsured driver: no problem. I'm still insured, and suffered no penalty through State Farm or otherwise as a result of the incident. It's as if it never happened, which is as it should be.

What flabbergasts me is the similarity in these incidents and yet the dissimilar consequences. I was not at fault for either claim. Someone else backed into me. Someone else smashed our window and ransacked our closets. Those were not my actions, both were out of my control. And yet the same company handled one as benign, while the other feels punitive. And there's no hope of appeal. I was informed that it's State Farm's policy to not accept someone back into a renters' policy until they have been claim-free for three years.

This seems to me to be an under-examined consequence of Anchorage's ongoing problems with property crime: Residents victimized once by criminals are re-victimized by insurers who deem them ineligible for future coverage. It feels like a slap in the face, reminiscent of health insurers denying coverage to patients because of pre-existing conditions. In this case, our pre-existing condition was we got ripped off.

Thankfully, this is not financially the end of my world. But it is a lingering liability. What if I want to buy a home and need homeowners' insurance? Will my pre-existing burglary condition raise a red flag? If my boyfriend and I move to a part of town with more criminal activity and want more coverage, will we be able to get it? I am at a loss for how a company can drop a customer after a single incident, causing potentially severe repercussions for years, not only to individuals, but to whole neighborhoods people might decide not to live in to avoid punitive financial penalties for incidents beyond their control. Why not increase rates or the deductible first? (We pay just \$10 a month for the policy, an amount that feels ridiculously small for the large claims that catastrophic incidents to a home might warrant). Or require that security measures be installed in the apartment? They asked for none of that before cutting us off.

My aim here is not to chastise State Farm. They are a private company, beholden to shareholders, trying to make money in a risky business. Thankfully, there are other insurance options out there for us to explore. But I doubt ours is the only household in our community that has had to contend with this issue, and my hope is to raise this concern to the attention of state policy-makers, regulators and consumers. I hope that fewer people have to deal with this kind of insult after the injury of a break-in.

According to a conversation with staff at Alaska's Division of Insurance, there is not a lot of regulation over insurance companies on this issue. The only requirement is that they inform the customer at the time of annual renewal that they will not be covered moving forward. And it is illegal for an insurance company to dissuade you in any way from filing a claim. That would be a breach of contract.

So what should consumers do after a break-in, a burst pipe, a fire? For starters, ask the company, "How might this claim affect my policy?" State Farm representatives told me that only after you inquire can an agent talk about possible ramifications. They will not proactively give you information about negative repercussions that could come from actually utilizing the insurance policy you have been paying for. As it was explained to me, this, too, could be a breach of contract.

The past few months have been a nightmare of dealing with both insurance and the Anchorage Police Department, mourning the loss of irreplaceable items, as well as struggling every day to feel safe in our home. Finding out that this single insurance claim could jeopardize our financial future has been the icing on a uniquely unpalatable cake. I hope that more consumers will take the time to ask these questions before they file a claim, even though it seems that in the current system, you're out of luck either way. And I hope that our elected leaders will ask these companies tough questions about where their responsibilities lie.

*Originally from Sitka, Penny Gage lives and works in Anchorage. She's passionate about entrepreneurship and diversification of the state economy.*

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About this Author

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