

Mercury Insurance Group settles

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Mercury Insurance Group will pay a \$250,000 settlement to the state Department of Insurance for alleged claims handling violations.

The Los Angeles-based insurer will pay an additional \$50,000 for the department's legal fees and enforcement costs associated with the case.

Insurance department investigators reviewed files of Mercury Insurance Co., Mercury Casualty Co. and California Automobile Insurance Co., collectively known as Mercury Insurance Group, in response to consumer complaints. From the 121 files they reviewed, they found 258 violations between January 2004 and December 2005. The violations included claims-handling practices, such as unreasonable delays in granting or denying coverage and issuing claim payments.

If Mercury (NYSE: MCY) does not improve its performance standards and reduce justified complaints by 15 percent by the end of the year, the insurer may be ordered to pay an extra \$200,000.

Mercury denied any wrongdoing.

"While we have agreed to a settlement of claims-related issues with the California Department of Insurance, we disagree with the department's findings. In order to put this matter behind us, however, we have agreed to this settlement," Gabriel Tirador, Mercury president and chief executive officer said in a prepared statement.

"Mercury insures more than two million California drivers and the company received less than 50 justified complaints in 2006, which is a 26 percent drop from 2005, and initial reports indicate that the number of justified complaints will drop yet again in 2007," he added.

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