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Judge OKs Settlement Of Allstate Discrimination Lawsuit

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SAN ANTONIO (AP)--A federal judge has given final approval to a class-action settlement in a case accusing Allstate Corp. (ALL) of discriminating against minority policyholders by using credit reports to set rates.

U.S. District Judge Fred Biery approved the settlement Wednesday, saying the agreement calling for Allstate to change its rate-setting formula is "fair, reasonable and adequate."

Jose DeHoyos, the San Antonio man who served as the lead plaintiff in the lawsuit filed in 2001, had his premium jump 31% in a year even though he and his wife had made only one claim during 20 years as Allstate customers.

"We're very proud" of the settlement, he said in a statement released by his attorney. "We're very happy to be part of something that will really make a difference, not only for ourselves, but for so many others in the same situation."

The DeHoyos-led lawsuit challenged Allstate's use of credit scoring to determine rates set for policyholders, arguing the formula acted as a kind of redlining for minorities and forced Hispanic and black customers to pay more.

In the settlement, which was preliminarily approved in June, Allstate agreed to change its formula to include strictly financial factors like the number of late bill payments or how often items were purchased on installment plans.


The plaintiffs' lawyers were awarded \$11.7 million for fees and expenses while the six named plaintiffs were given \$5,000 each.

Minority customers who paid higher premiums under the old Allstate formula can seek \$50 to \$150 refunds under the settlement.

Allstate, though it continues to deny that it discriminated against customers or that the credit data was invalid, also agreed to increase its marketing to minority customers, offer a credit education program for minorities and provide a process for appealing rates.

"Allstate is pleased that the settlement has met with the court's approval and the settlement which benefits many people is moving forward," Allstate spokesman Raleigh Floyd said Thursday.

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