

ChoicePoint Sued for Misusing Insurance Agent Information

Class-action lawsuit renews questions about prominent data company.

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A class-action lawsuit recently filed in a Los Angeles federal district court alleges that ChoicePoint, a national data provider and an increasingly important player in the insurance industry, is misappropriating information provided by insurance agents and selling it to potential competitors. The lawsuit was filed on Sept. 19 by two California insurance agents and asserts several different legal theories.

ChoicePoint has faced similar allegations concerning its use of agent-provided data in the past. The company has been dogged by ongoing complaints that it created and sold "lead lists" based on information obtained from agent submissions and inquiries, and critics have complained that ChoicePoint then sold this information as "leads" to other agents. In a January 2002 letter to IIABA, the company agreed to immediately halt the practice of creating "shopping dates" developed from agent submissions and to purge its databases of all such information, but questions about ChoicePoint's practices have persisted.

In June 2002, for example, a group of insurance agents sued ChoicePoint in Illinois state court, claiming that the company received confidential information provided by agents in connection with the underwriting of a policy and used that data to create prospecting lists that were later sold to the agents' competitors. Although ChoicePoint denied any wrongdoing, it entered into a sizable financial settlement that also required the company to agree not to use information obtained through agent inquiries for any purpose other than underwriting the policy in question. More recently, a highly publicized security breach at ChoicePoint resulted in large fines and settlements with the Federal Trade Commission and more than 40 state attorneys general.

The allegations made in the newest California case are similar to assertions that have been made against ChoicePoint in the past. Once again, the agents in this latest case allege that they provided ChoicePoint with confidential, proprietary and trade secret information --- including policy expiration and renewal data and other client-specific information --- and that the company later sold it to other parties, including competitors of the agents. In addition to seeking a variety of financial remedies, the plaintiffs have also requested court orders prohibiting the further misappropriation of agent information and mandating the return of all trade secret information previously provided. ChoicePoint has denied the allegations made in the initial court filings.

A copy of the Sept. 19 complaint can be obtained by [clicking here](#).

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