

Insurer may settle suits with cell phone payout

BUSINESS HAS GROWN

Asurion is one of the biggest cell phone insurers nationally, with 50 million wireless customers.

It sells insurance through partnerships with wireless carriers such as Verizon and T-Mobile. As the use of cell phones has grown, so has customers' interest in protecting their investment in the ever-flashier hardware.

Class-action settlement would help Asurion insurance clients

By **JEANNE A. NAUJECK**
Staff Writer

Losing or breaking an expensive cell phone is traumatic enough. That's why many customers buy insurance policies that promise to replace their phone if it's lost or damaged.

But thousands of customers who did business with Nashville-based cell phone insurer Asurion say insult was added to injury when they filed a claim and got a cheap replacement phone in the mail.

Now, thousands of cell phone users, including many in Tennessee, may get up to \$100 to pay for a new phone courtesy of Asurion Insurance Services, which repairs some of its customers' phones at an operations center in Grassmere Business Park here.

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Millions of other customers around the nation who did business with the firm over the past three years could get \$5 phone cards under the same class-action legal settlement, an attorney representing disgruntled customers said Wednesday. Elizabeth Adams, a representative with Asurion, said the company "does not discuss pending litigation."

But the lead attorney for the plaintiffs said if a preliminary legal settlement in federal court in Miami becomes final in May, 15,000 customers would be eligible to receive vouchers worth either \$75 or \$100 for a new phone.

To be eligible, customers must have filed a claim between Jan. 20, 2004, and last Friday and received a refurbished phone worth less than their deductible. Customers can either use the voucher or transfer it to someone else.

The case — and a companion one in California — was brought on behalf of former and current customers of Asurion and another company, lock\line, which has since merged with Asurion. A third insurer that was sued, Signal Holdings, hasn't settled its part of the case, the attorney said.

The case centers on claims that the companies weren't clear with customers about replacement policies, obscuring the fact that lost cell phones could be replaced with refurbished phones of lesser value.

Rewording policies

As part of the settlement, Asurion has agreed to reword its insurance policies so they're easier to understand, a move commended by Adam Moskowitz, an attorney with the Miami law firm Kozyak,

Tropin & Throckmorton, which brought the case.

The "fine print" explaining the insurance policies was so vague that even knowledgeable people would find it difficult to understand, Moskowitz said. And he added that while the case isn't a life- or-death matter, it's important because so many people depend on their cell phones.

"We deal with a lot of cases where there were serious injuries, and I don't want to compare those to this," Moskowitz said.

"But so many people called us — judges, business people, court reporters, everyone we deal with. We were contacted by so many customers with similar complaints across the country who said they didn't understand how these companies worked."

Typically, people pay about \$4.95 per month for cell-phone replacement insurance, plus a \$50 deductible. Moskowitz said many people just assumed they'd get a replacement phone of at least equal value to the one lost or broken.

One east Nashville cell phone user said Wednesday he felt "totally duped" after he left a \$350 cell phone in a New York City cab, paid a \$50 deductible and received a replacement phone he described as "two steps" below his old one.

"They sent me a \$100 phone — this plastic-y thing that didn't have speed dial or some of the other features I had," said Robert Huck of Nashville. Huck said after he complained, he was sent a somewhat better phone, but it was still a step below his original.

The settlement, if it gets final approval, will resolve both the Miami case and the similar one brought in California federal court, Moskowitz said.