# How Insurance Companies Keep Settlements Low

Despite what their slick television commercials may have you believe, insurance companies are most concerned with protecting their bottom line. Like any other major corporation, insurance companies care about profits above all. This sometimes means they will take advantage of laws and rules meant to level the playing field between them and consumers.

One such rule insurance companies take advantage of is Rule of Evidence 411, otherwise known as the “Liability Insurance” rule. Enacted in 1975, Rule 411 reads as follows:

> “Evidence that a person was or was not insured against liability is not admissible to prove whether the person acted negligently or otherwise wrongfully.”

The original intent of this rule is to protect against “unfair prejudice” on behalf of a jury. For example, if a sitting jury on a personal injury case were to learn a defendant was covered by liability insurance then it follows that the jury might loosen its standards regarding fault and potentially allow huge verdicts it would not have otherwise considered. When filing a personal injury claim, a defendant is required by law to sue the person at fault and not the plaintiff’s insurance company. On paper, Rule 411 is logical and in the long-run, beneficial for both insurers and their consumers. By not having to pay an endless stream of exorbitant settlements, insurance companies are able to keep their rates low for consumers.

Where Rule 411 goes awry, however, is when insurance companies are allowed to exploit the protection they’re afforded by law. A common tactic is to put forward a sympathetic defendant, such as an elderly woman or a hard-working blue-collar worker, while the insurance company hides in the shadows. The will then hire a top-notch attorney to defend the case, one the defendant would normally never be able to afford. This strategy is meant to confuse a jury into believing the total damages will be paid out by the defendant instead of the insurance company, that safely remains anonymous thanks to Rule 411.

In the end, juries should be mindful of Rule 411 while weighing the evidence of a personal injury case and especially when calculating a fair settlement. Profits are the lifeblood of every insurance company, and they will do whatever is necessary to protect them. So don’t be fooled by the talking gecko.

References:
https://www.rulesofevidence.org/article-iv/rule-411/