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Shaker police billing: runs, hits, errors

By Karen Kurdziel
Staff Writer

Colleen Hogan of University Heights was incredulous when she discovered her auto insurance company had paid \$293.76 to the Shaker Heights Police Department.

The bill was ostensibly for services the department provided at the scene of a minor accident her husband, Jim, had Dec. 11, 2005, on

Fairmount Boulevard in Shaker — part of a new policy the city instituted in April 2005.

But no officer ever came to the scene. Nor did anyone clean up debris or check for injuries, as the bill claimed.

In fact, there was no debris and no injuries.

Jim Hogan and Lucille Kammen simply exchanged insurance information and went on their way after a

fender bender that happened when Hogan didn't see Kammen approaching as he tried to pull onto Fairmount.

"It was so minor," Kammen, a Shaker resident, said. "The whole thing couldn't have taken more than 10 minutes."

'Clerical error'

So why did Hogan's insurance company get a bill?

"It was a clerical error," said Capt. Steven Hammett, in

charge of records for the Shaker Heights Police Department.

On the advice of her insurance company, Kammen went to the police department to report the accident a few days after it happened.

The Ohio Revised Code 5502.11 requires an investigating law enforcement officer to file a motor vehicle accident report when there is a fatality, injury or damage of more than

\$400.

The Shaker Heights officer who filled out the forms for Kammen inadvertently wrote that police went to the scene, setting in motion the department's new system for billing insurance companies of people at fault when involved in traffic accidents.

The system is one of many fee increases and service charges the financially-squeezed city has initiated in the past year.

The fees are part of the city's ongoing search to find additional revenue without asking residents for a tax increase. (See related story, page A6.)

Since April, the company the city hired to bill insurance companies, Cost Recovery Corp. (CRC) of Dayton, has billed \$120,839 and collected \$22,486.

"We finally found out (from CRC) that they, (the insurance companies) have all these funds, and why shouldn't they pay for our services? Charging for police services is a business deci-

sion." Police Chief Walter Ugrinic said.

But it's one decision taxpayers have no say in, just as they cannot decide whether or not to carry auto insurance. The state requires all drivers to have it.

Revenue collected by CRC goes into the city's general operating fund, which funds the police department's budget, Chief Administrative Officer, Jeri Chaikin, said.

According to CRC's vice president, Regina Moore, her company keeps 10 percent of everything it collects.

Fail-safe?

But the police department's new collection system is not fail-safe.

CRC charges insurance companies based on a form a department clerk fills out using information about an accident that has been recorded on a police report.

Between April and the end of December, 2005 the police department handled 670 traffic accident reports, according to its records. In January and the first 10 days of February of this year, it handled 297.

The Sun Press examined 85 of these police reports and the accompanying forms sent to CRC.

In most cases, the CRC form filled out at the department matched what the police report said.

In a few they did not.

In three cases, the department told CRC that officers went to the scene when they didn't. In five or six cases, officers did go to the scene, but CRC was not notified.

"These problems are a fluke with the (individual) bill, not with the general process," Ugrinic said. "Mistakes are going to happen. If we send 100 reports and get one wrong, that's not a bad ratio.

"We're not trying to scam anyone," he added. "This billing is one more duty for us."

Ugrinic said "in 85 percent or more of traffic accidents, the insurance companies pay strictly based on information from the police report. They only investigate accidents when there is heavy damage, injury or death. It's all about the money with them."

Insurance companies, however, do investigate many accidents and use police reports as a supplement, according to Mary Bonelli, spokeswoman for the Ohio Insurance Institute.

On the other hand, Ugrinic said, "We spend a lot of money to make sure officers know how to do an accident investigation. If the insurance companies investigate all accidents, why do we even make out reports?"

He acknowledged that state law requires the reports in most cases, but said the law came into being because of lobbyists for insurance companies.

In addition, Ugrinic wondered, "Why do they (insurance companies) subpoena us to testify in court? Taxpayers are paying for the time it takes us to do that."

In Hogan's case, CRC agreed to refund the money it collected from his insurance company.

Mike Siemienas, spokesman for Allstate Insurance, the parent to Hogan's company, said the matter is still being resolved.

'Lucrative'?

Moore, of CRC, wrote a vitriolic undated letter that the *The Sun Press* received Feb. 17. She accused the newspaper of "taking the viewpoint of insurance companies" (referring to a Jan. 19 story detailing Shaker's new ordinance

allowing police and fire departments to bill for services provided at traffic accidents.)

"Try reporting how insurance companies really do business and how lucrative they are. . ." Moore wrote.

She also wrote that insurance companies have escalated rates which allow them to offer discounts which are then rescinded after a client has an accident.

This creates an impression, Moore wrote, that rates will be increased for each accident, making their clients reluctant to report accidents and to pay costs themselves.

"The insurance companies do an effective job of eliciting reporters like you to assist them in their efforts to prevent the implementation of our Cost Recovery Program," she wrote.

Moore insisted in her letter that billing for police services

"is essential. It is the only alternative for Safety Services to maintain their current staffing."

But Ugrinic has said that staffing of his department is not determined by what CRC collects. And insurance companies continue to insist they have assets needed only to cover potential claims.

"Insurance premiums are regulated by the Ohio Department of Insurance and are based on risk and costs associated with covering those risks," Bonelli said. "If costs associated with doing business go up, premiums go up.

"Adding coverage for fees associated with public services increases costs and potentially affects future premiums," she said.

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