

KANSAS CORPORATION COMMISSION
OFFICE OF PUBLIC AFFAIRS & CONSUMER PROTECTION
FORMAL COMPLAINT

STATE Formal Complaint
CORPORATION February 2015
COMMISSION

APR 27 2015

PUBLIC AFFAIRS
AND
CONSUMER PROTECTION

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

IN THE MATTER OF THE COMPLAINT AGAINST

Westar
(Respondent, name of utility company)

by Cathy J. Pechin
(Complainant, your name)

For Commission
use only

DOCKET NO.
15-WSEE-509-COM

Please provide complainant (your) contact information:

Full Name(s): Cathy Pechin
Address: 902 Topeka, Emporia, KS 66801
Daytime Phone: 620-412-7945
E-mail Address (optional): _____

Received
on

FORMAL COMPLAINT

APR 27 2015

Cathy J. Pechin
(Your name)

by
State Corporation Commission
of Kansas

states that the above-named respondent is a public utility providing service in Kansas and is subject to the jurisdiction of the State Corporation Commission.

The facts and circumstances surrounding the complaint are set out in detail below:
(Be specific and as brief as possible. If necessary, attach additional sheets.)

I believe that since Westar is a monopoly they should not be promoting a private insurance policy. I also have included attachments that show issues with HomeSense.
I believe this is meant to exploit the elderly and others. If Westar wishes to
(Continued on the other side)

Formal Complaint *continued*

Complainant requests that the respondent utility be required to provide an answer to the complaint and requests the following action be ordered by the Commission. (State action or result desired.)

just explain the situation, provide realistic issues and costs along with a list of providers, there would be no issue,

I noticed on the website, Webster, they have added other coverages now totalling a much higher monthly cost.

Customers should have been encouraged to contact their homeowner insurance providers.

This is just wrong to allow a monopoly to promote exclusively a private company
and for such further order or orders as the Commission may deem necessary.

VERIFICATION: I do solemnly, sincerely, and truly declare and affirm that the statements made in this complaint form are true and accurate to the best of my knowledge, and I do this under the pains and penalties of perjury.


Complainant's (your) signature

20 April 2015
Date signed

FILING INSTRUCTIONS

This form may be filed in person at the Kansas Corporation Commission's Office or by mail. All formal complaints, whether filed by mail or delivered in person, must be directed to:

Acting Executive Secretary
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604

For more information about the formal complaint process please refer to the instructions provided with this form or visit the KCC website: <http://kcc.ks.gov/>, Consumer Assistance, Filing a Complaint. You may also contact our Consumer Assistance staff toll-free at 1-800-662-0027 or by e-mail at public.affairs@kcc.ks.gov.

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Has a Homeserve flyer made its way through your door?

 by [Chris Gray](#), Assistant Travel Editor | [Money](#) | 13 February 2014 | 2 - 0


To my shame, I have little idea about what's covered by my home insurance. Will my fence, blown down in this week's storms, be repaired under my policy? Would my water company cover me for a burst pipe?



A lot of people buy insurance to cover life's emergencies and many of them do through a company called Homeserve, which provides **home emergency cover** to more than two million customers in the UK.

This week **Homeserve was fined £30.6m** by the Financial Conduct Authority (FCA) – the largest retail fine ever handed out by the regulator. The fine was

imposed for 'systematic, and long-running failures', mainly mis-selling of insurance policies from 2005 to 2011.

Mis-selling to retirees and the vulnerable

Homeserve's failings were particularly serious in the FCA's view because a 'significant proportion' of its customers were of retirement age and vulnerable.

Many of Homeserve's customers will have heard about it through their utility company. In 2012, we found that **nine of the UK's 12 biggest water companies** promoted Homeserve's pipe insurance in direct mail promotions, even though some of the companies had their own free insurance policies.

And Homeserve itself says its business is built on 'long-term affinity relationships with utility companies and appliance manufacturers'.

Direct mail from your water company

This promotion by water companies is still going on. I live in London and a recent letter from Thames Water urged homeowners to buy Homeserve **protection against unexpected plumbing and drainage repair bills**.

It told them: 'Around 179,000 homeowners in the Thames Water area already trust Homeserve to solve such problems, so why not arrange cover today?'

Homeserve says it has cleaned up its act since the mis-selling days. It's 2013 annual report says it has made good progress with customer service and satisfaction, and has 40% fewer complaints than the previous year.

But have customers' experiences changed? Have your utility companies tried to sell you insurance from Homeserve or any other insurers? Did you take up the offer – and have you checked to see that the insurance covers you for your needs? Did the company pay out when you needed to make a claim?

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Comment of the Week



John Ward

"I think this is a fantastic service. As more and more younger people become self-absorbed through their social media experiences the older generation become more isolated - especially as their contemporaries move further away or become more estranged themselves.

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Beware if you've been solicited by HomeServe

HERB JAFFE

**Herb Jaffe**

was an op-ed columnist and investigative reporter for most of his 39 years at the Star-Ledger of Newark, N.J. He is the author of the novels "Falling Dominoes" and "One At A Time."

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Maybe you're among the many homeowners in Summerlin who recently received mail from a company called HomeServe, urging you to buy insurance against a rupture in the waterline that extends from the street to the foundation of your home.

And maybe you have already signed up to pay the annual premium of \$59.88 for the coverage. Or maybe you authorized HomeServe to charge your credit, debit or checking account a quarterly or monthly amount for the coverage, as is suggested on the unsolicited contract that was mailed to you.

In either case, bear this in mind: The Las Vegas Valley Water District has issued an online statement to its customers titled, "Beware of insurance plan solicitations."

The statement goes on to explain, "A company called HomeServe has been soliciting residents to purchase an 'insurance' policy that covers repairs/replacement of residential water service lines from the municipal water meter to the foundation of the home. The company is in no way affiliated with the LVVWD, and the district does not endorse this organization or its service."

The statement adds that the water district "has not seen any evidence that would indicate this is a major issue of concern in Southern Nevada." It says the district respects the right of homeowners to buy "products or services they think may be of benefit but encourages residents to make informed decisions."

In essence, the district is saying you should think things out carefully if you're one of the hundreds and possibly thousands of Summerlin residents to have

been solicited by HomeServe.

And if you have already purchased the insurance but didn't read the small print at the bottom of the contract, here's a reminder of what it says: "If I have chosen credit/debit card or E-Z pay, this authorization is to remain in effect and my coverage will be automatically renewed at the then-current rate unless I cancel by calling 1-877-444-7750."

Neither I nor the LVVWD are in any way referring to this insurance policy as a scam or a ripoff. I will say, however, that you might expect a bit more from a company with a seal showing the State of Nevada and containing the statement "protecting homeowners in Nevada" in the upper left corner of the contract that it mails

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The company is affiliated with a bigger company called HomeServe USA. According to its website, "It is estimated that one million homeowners will suffer a water service line emergency in 2012. More than four million homeowners will have a major sewer/septic line disruption in 2012."

The website adds that "replacing a section of water service line costs an average of \$2,300."

No data could be found to confirm how many water service line emergencies or septic/sewer line disruptions there were nationally in 2012.

But Bronson Mack, a spokesman for the LVVWD, said that of the 350,000 water meters serviced by the district, "I would estimate that we get somewhere between 100 and 200 calls a year about these kinds of breaks."



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Simple arithmetic will tell you that even if there were 200 such breaks, that would represent a number so far below 1 percent that it could easily be classified as infinitesimal.

"We have seen no evidence of major issues in this area," said Mack. Moreover, "most of our waterlines are not real deep," he added. "Should there be a break, I can't imagine that it would cost anywhere near \$2,300 to repair."

And if you're not familiar with the water district's "leak adjustment program," which I'll confess that I was not aware of, Mack explained, "it's a one-time program for any customer. If they show evidence of a repair, we'll adjust our rate and help write off a portion of the bill."

So, as Mack stated, "It is buyer beware. We're not telling anybody not to buy the insurance policy, and we're not calling it a scam. We're simply saying it's something for you to think about very carefully."

Herb Jaffe was an op-ed columnist and investigative reporter for most of his 39 years at the Star-Ledger of Newark, N.J. His newest novel, "All For Nothing," is now available. Contact him at hjaffe@cox.net.

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Big D 1 — rombot2012, or how about just dumb Obamabot, which is what you are "47 senators trying to repeat same ...

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mikeydidit — Their law says they can lie to you but if you lie to them it's a crime. These are people who work for you ...

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Think twice before buying a repair plan from companies such as HomeServe, Nicor Services, and others

Putting money in a fund for a rainy day is smarter than paying for a service-line repair plan

Consumer Reports magazine: May 2012

HomeServe and its subsidiary, Home Emergency Insurance Solutions, sell contracts for a variety of home repairs, promising to send qualified technicians anytime and pitching peace of mind. But some of HomeServe's mailings have given consumers anxiety instead.

In November, the Massachusetts attorney general alleged that the company's offers of contracts to repair electric and gas lines and equipment looked too much like utility bills and misled consumers about repair costs and just who was responsible for repairs.



Photo: Getty Images

HomeServe didn't admit wrongdoing but paid \$75,000 as part of a settlement agreement and agreed to disclose clearly in future promotions that its services are optional and not from a utility. (In 2010 the company had to change its mailings in Kentucky and Ohio after attorneys general in those states found that the company suggested its service was a mandatory utility fee. The company denied wrongdoing and paid \$7,500 to Kentucky and \$10,000 to Ohio.)

Wannabe bills aren't the only way some home-repair and service-line plans confuse consumers. In December the Illinois Commerce Commission ordered Nicor Gas, a utility, to stop promoting Gas Line ComfortGuard, a pipe-repair plan offered by its unregulated affiliate Nicor Services, to customers who called the utility. The commission said the utility failed to provide pertinent information. The Illinois attorney general said that although the plan cost about \$60 a year, most gas-leak repairs cost less than \$50 for consumers without the plan. "Given the facts," says Robyn Ziegler, a spokesperson for the Illinois attorney general, "ComfortGuard is not a necessary product or a good value."

Bottom line. Putting money in a fund for a rainy (or leaky) day is smarter than paying \$100 a year for potential service. Keep in mind:

- A standard homeowners insurance policy generally covers repairs to a property's water- and gas-service lines if damage is accidental, as with an excavation mishap, but doesn't cover normal wear and tear or natural disasters such as earthquakes, says the Insurance Information Institute.
- Gas companies will investigate leaks and are responsible for pipe repairs up to the meter; the homeowner is responsible for repairs beyond, according to the American Gas Association.
- Homeowners are responsible for repairs in their part of the water-service line, but that boundary can vary home by home, so ask your water provider, says the American Water Works Association.

Photo: Steve McAlister/The Image Bank/Getty Images

Editor's Note: A version of this article appeared in the May 2012 issue of *Consumer Reports* magazine with the headline "Think Twice About Service-Line Repair Plans."

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PUBLIC INVESTIGATOR

Warnings sounded over offer of water line insurance

Better Business Bureau has fielded complaints

By Gitte Laasby of the Journal Sentinel

July 3, 2013

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The PI Blog



Taking tips, chasing leads, solving problems. Our Watchdog team commits to investigating problems that affect you.

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Homeowners and government officials in the greater Milwaukee area are concerned that formal-looking advertising materials from an insurance company called HomeServe is tricking consumers into buying water line insurance that they may not need.

In its advertising mailers, HomeServe USA Repair Management Corp. correctly states that property owners are responsible for repairs on the water lines between their government's right of way and their house. The company offers insurance coverage for water laterals.

But the advertising materials may trick some consumers into thinking the company is affiliated with people's local government and lead them to buy services they don't need. The Village of Greendale said in a warning Tuesday that it is not affiliated with HomeServe and does not endorse its services. It urged residents to be cautious.

"Property owners should contact their insurance companies to see if they are already covered for a lateral damage incident, or if they feel such coverage is warranted," the warning said. "Property owners are urged to read the fine print of the proposed coverage and determine if the long-term costs warrant such coverage."

Milwaukee resident Jeff Szymanski said he received a mailing from HomeServe advertising water service line insurance for homeowners in the city of Milwaukee and found it suspicious.

"Your exterior water service line is the pipe that brings fresh water into your home from your water utility or private well," the ad states. "It is your responsibility to maintain and repair this line in the event of a leak or breakage. Repairing a broken line could cost you thousands of dollars."

The ad asks recipients to reply by July 24.

"This offer has scam written all over it," Szymanski said. "It has a plastic quality about it. It looked fake. ... They sell these insurance policies that people don't really need."

The ad states at the bottom that HomeServe is an independent company. But consumers across the country are raising concerns, saying the mailing may still fool people into thinking it came from the government.

The state Department of Agriculture, Trade and Consumer Protection has five complaints on file about HomeServe's mailings, spokesman Jerad Albracht said.

The Better Business Bureau has 99 closed complaints on file about HomeServe's advertising and sales practices. Some complainants said the solicitation included something that looked like a bill and asked for credit card information.

"The solicitation is misleading, giving the appearance that it is from a government agency and requires action," a complainant wrote on June 25.

HomeServe didn't respond to a request for comment from the Journal Sentinel. But in response to the Better Business Bureau complaint from June, the company wrote:

"HomeServe never attempts to present itself as a utility or government. Our mailers state explicitly that HomeServe is 'an independent company separate from your local utility or community.' This disclaimer appears in our mailings in italics, adding emphasis. Please be assured that if a customer finds that they have similar coverage, they can contact HomeServe to receive a refund of the service agreement fee, less any claims paid."

The company said it uses "standard direct-marketing methodologies" to inform homeowners of its products.

"These mailers are not intended to alarm homeowners, but to inform them of services that have been an enormous help for tens of thousands of homeowners," the response read. "HomeServe services over 1.3 million customers nationwide; 96% of customers surveyed after using our repair services would recommend HomeServe to friends and family."

The company says on its website that homeowners often falsely believe the local utility will cover the water line between their property and the street. But homeowners who have already done this work don't need the service.



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pipe that runs from their property to their home. But homeowners insurance typically doesn't cover the cost of repairing or replacing a broken service line, which can cost from \$200 to upwards of \$3,000, the company said.

[Details on the complaints](#) are available on the Better Business Bureau's website.

Consumers can file a complaint with the Better Business Bureau online at bbb.org or (in Wisconsin) by phone at (414) 847-6000.

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About Gitte Laasby

Gitte Laasby is the Milwaukee Journal Sentinel's Public Investigator. She investigates government issues and consumer affairs.

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Monday, April 20, 2015

20 Apr 2015

I was shocked when I got the original "offer" through the monopoly. At that time, I called both the utility commission and the AG's office. The AG asked that I send the documents to them.

We received another "offer" within the last 2 months which I threw in the trash.

Westar, as a monopoly, should not be allowed to promote a private business because it gives the business they are promoting an unfair advantage.

Resolution would be:

1. Show all companies that might offer this service
2. Be responsible by reviewing reviews of companies listed
3. Give cost breakdown of what repairs might cost.

4. Suggest people check with their insurance agent to learn about their coverage.

I think, just as one of attachments suggest, this program targets the elderly. If you don't have an extra \$4.95 a month, they are trying to scare it out of you.

5. Make sure people understand that Home Serve is only a 3rd party broker and that they use local repair people.

I think it is pitiful to read the reviews and see Westar promoting them!!!