

# BUSINESS JOURNAL

## State brought in on Baltimore Life dispute

BY CHARLES R. WOLPOFF / STAFF

An Arab-American civil rights organization has asked state regulators to revoke the license of Baltimore Life Insurance Co.

Houeida Saad, director of legal services for the American-Arab Anti-Discrimination Committee, sent a letter last week to the Maryland insurance commissioner, accusing Baltimore Life of discriminating against Arab Americans.

The complaint comes several months after two former employees, as well as several individuals who say they had been turned down for policies by the company, filed a \$150 million class-action suit against the Owings Mills insurer.

"We're going to push as hard as we possibly can for a full investigation," Saad said.

L. John Pearson, president for Baltimore Life, denied the accusations in a telephone interview Wednesday.

"We generally deny the allegations that we have discriminated against Arab Americans," he said. "We conduct our

business with [the] utmost standards of integrity."

Steven B. Larsen, the Maryland Insurance Commissioner, said his office is taking the allegations seriously and intends to initiate a "market conduct exam," which includes a review of the company's underwriting guidelines.

The state could clear the company of any wrongdoing. If any sanctions are imposed, they could range anywhere from \$500 per violation to revocation of the company's charter, Larsen said. The company has 400 employees.

Pearson called the pending exam "nothing unusual."

"They're fairly common, and they're the kind of thing that's done on a periodic basis."

In the lawsuit, which includes 12 plaintiffs, the former employees — David C. Griggs and Adel Alalfey — contend that the company engaged in a selectively enforced practice of not issuing policies to individuals with foreign-sounding names. The case is in the U.S. District Court.

Baltimore Life, which has \$585.4 million in assets, has

filed a motion to dismiss.

The plaintiffs' complaint states that a Baltimore Life underwriting officer swore in an affidavit that "Baltimore Life had in force a practice that denied coverage to non-United States citizens in those few instances where Baltimore Life learned that an applicant was not a U.S. citizen."

The documents say that Griggs and Alalfey tried to use contacts within the "Middle Eastern community in the Baltimore-Washington metropolitan area to obtain substantial commissions on life insurance policy sales."

The employees contend officials in 1994 informed the employees that "at that time, Baltimore Life would no longer approve life insurance policies for non-citizens."

Documents claimed Baltimore Life "appeared to enforce that policy selectively, however, particularly singling out people for denial persons having Middle-Eastern names."

A week after the employees filed a suit over the matter in July 1996, they were fired, the documents claim. ■