

Baltimore Life Sued For Bias Against Non-U.S. Citizens

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Highlight: Baltimore Life Insurance Co (Owings Mills, MD) faces a lawsuit charging discrimination against non-US citizens in writing policies, in violation of the Civil Rights Act of 1991

Body

ABSTRACT:

Baltimore Life Insurance Co (Owings Mills, MD) faces a lawsuit charging discrimination against non-US citizens in writing policies, in violation of the Civil Rights Act of 1991. The suit was filed by four resident aliens who charge that Baltimore Life rejected their life insurance applications because of their Middle-East backgrounds. The suit seeks \$100 mil in damages.

The company admits that it did at one time have a policy of not writing policies for people who were not US citizens. This was based on the Swiss Re Life & Health LifeGuide underwriting manual, which notes that in some countries political unrest, violence and AIDS may be widespread, posing a risk. People from those countries who are living in the US might return to their homelands for extended visits, putting them at increased risk.

Full text article includes charges and countercharges about individuals bringing the suit and some discussion of the relevant law.

A civil rights complaint has been filed against Baltimore Life Insurance Company over discriminatory sales practices the insurer allegedly committed against non-U.S. citizens.

The complaint, filed April 30 in Maryland's U.S. District Court, charges the Owings Mills, Md, insurer with violating the United States Civil Rights Act of 1991. A provision in the act

guarantees "the right of all persons, regardless of citizenship status, to make and enforce contracts."

The four plaintiffs in the civil suit, described as "lawfully admitted resident aliens of the United States of Middle Eastern backgrounds," accuse Baltimore Life of rejecting their life insurance applications based on their nations of origin. The incidents allegedly took place between December 1994 and June 1995.

The allegations were originally lodged by David Griggs, a former district manager, and sales agent Adel Alalfey in an August 1996 court complaint. Both were fired during the same time period and their complaints were later dismissed.

Two of the four plaintiffs named in the current suit which seeks over \$100 million in damages--produced explanatory rejection letters sent to them by Baltimore Life underwriters.

"This case is being declined," states each letter, "since it is company policy not to issue coverage on people who are not United States citizens."

Baltimore Life does not deny the validity of the letters.

"For a short period of time, 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," reads a 1996 affidavit signed by William Vigliotte, vice president, underwriting. "This practice was loosely enforced. In fact, to the best of my knowledge, only two individuals were ever denied coverage under this practice."

"The practice of not writing coverage on non-United States citizens was widespread," Mr. Vigliotte added.

Baltimore Life's general counsel Barrett Freedlander reiterated Mr. Vigliotte's statements in an interview.

"The [underwriting] policy was only in effect two or three months," he said, noting that over 100 countries are listed as "difficult" in the Swiss Re Life & Health LifeGuide underwriting manual issued by the Zurich-based Swiss Reinsurance Company.

"These are countries where diseases like AIDS, substandard medical care, internal political instability and violence are a problem," Mr. Freedlander said. "What we were trying to get at was foreign travel."

The underwriting assumption, according to the Swiss Re guide, is that resident aliens from "problem" countries, including several in the Middle East, may stay two or more months a year in their native countries.

Asked why Baltimore Life discontinued the policy, Mr. Freedlander said the company decided to "bite the bullet. It was not worth the trouble."

But Mr. Griggs, the district manager dismissed by Baltimore Life, maintains the company discriminated in other ways. "The telephone inspection these applicants were given was different than the standard one. They were asked questions about their health, then they were asked if they were citizens of the United States."

Mr. Griggs further said the applicants he says were discriminated against were tagged as foreign by the company based on what Baltimore Life officials allegedly described as their "funny last names."

Ironically, the former district manager said he and Mr. Alalfey were expected to draw potential Arab-American customers, although they say they were later warned to stop writing policies for non-U.S. citizens.

"The company was hoping they would bring in some U.S. citizens from those groups," said Houeida Saad, attorney for the plaintiffs with the Hermina Law Group, Laurel, Md. "Basically, the company was saying you submit the applicants to us and we'll pick and choose."

Ms. Saad said she personally heard Baltimore Life President and CEO John Pearson say during a December 1997 that "only a few individuals" were affected by the policy, and "if anyone was affected in large numbers, it was African and Latin immigrants, not Arabs."

"That is a total fabrication," Mr. Freedlander said. "I was there when he met with this woman."

Mr. Freedlander said Mr. Griggs was fired from Baltimore Life because "he defrauded a bunch of people."

"He lost his license because of fraud he committed before he even came to us," Mr. Freedlander said.

An unemployment determination made by the Maryland Department of Labor says Mr. Griggs was fired due to "alleged negligence," but states "insufficient information was presented to show misconduct."

While Mr. Griggs admits he voluntarily relinquished his Maryland agent's license in September 1996, he said he did so in response to Baltimore Life's rehashing of a replacement violation he incurred while a Metropolitan Life agent in 1988.

But Mr. Griggs produced several commendations and awards issued to him by Baltimore Life during his four years at the company, one which congratulates him for taking his agency from 26th place to first.

Federal law prohibits discrimination based on race, color, religion, sex or national origin in a broad variety of situations, like employment. It is unclear whether the interpretation extends to life insurance coverage.

Ms. Saad said precedent was set in a Maryland case between Australian resident alien Vincent Duane against GEICO when the company refused to issue Mr. Duane homeowner's insurance. The case was settled out-of-court in 1995.

Maryland insurance law does not specifically address insurance discrimination based on national origin.

"Life insurers can set their own underwriting criteria, and they do, as long as they are in full compliance with all applicable laws," said Jack Dolan, spokesperson for the Washington, D.C.-based American Council of Life Insurance.

In a similar case, decided last week in a Florida civil court, a Cuban-American couple was awarded \$1 million in damages for discrimination encountered from Columbus, Ohio's Midland Life Insurance Company. Copyright 1998 National Underwriter Company 911

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