

# AAA Settles Suit that Denied Chiro Reimbursement

Shawn Steel, JD

The American Automobile Association (AAA) of Northern California has agreed to a settlement of \$262,500 in *People v. California State Auto Insurance Bureau*. AAA has also agreed to alter its administrative practices and former policies that fostered the denial of benefits to chiropractic patients.

The suit and administrative law actions were brought in January 1991 by complaints from hundreds of chiropractors and consumers accusing the company of unreasonable delays of payment for medical claims.

As part of the settlement, reached by the Department of Insurance, AAA will establish an ombudsman to field complaints of unfair claims handling. Additionally, AAA has promised to provide written guidelines to its medical claims adjusters to insure timely processing of claims.

Joseph Russoniello, attorney for AAA and former U.S. attorney of San Francisco, conceded, "AAA recognizes that some of its procedures had the potential to delay payment of claims."

California Insurance Commissioner John Garamendi stated that the California State Auto Insurance Bureau "has taken a commendable effort to correct internal problems in its claims handling procedures. By their actions, they are closing a bad chapter and starting a good one in the best interest of their customers."

San Francisco District Attorney Arlo Smith stated, "Californians pay a high price for mandatory auto insurance and now CSAA policy-holders will get the fast, efficient, and fair claim settlement that they deserve."

This marks a significant victory for the chiropractic profession, specifically for the California Chiropractic Association (CCA) and its determination to prevent unfair claims handling by insurance companies.

In another case, *Adams, et al. v. CSAA, et al.*, Gary Gwilliam, the former state president of the California Trial Lawyers Association, announced that a class-action type of lawsuit against AAA will enter its third court hearing for punitive damages.

It is anticipated that this case will be brought in front of a San Francisco jury.

FEBRUARY 1993