

Chiropractic Strikes Back: a Bold Coalition

Shawn Steel, JD

Thousands of victims, policyholders, and health care providers have united to challenge the illegal and unfair practices of AAA Insurance Company.

Since the coalition was organized in the spring of 1989, a series of creative approaches have forced AAA to respond to a flurry of suits and official investigations for its conduct against policyholders and victims of automobile accidents.

The giant conglomerate with its \$3 billion dollars annual receipts and its one million members started its anti-consumer practices by forcing all third-party claims to go to trial, requiring excessive and expensive litigation for all third-party claims. What shocked the insurance community was AAA's brash attack on its own insureds by its wholesale denial of med-pay benefits.

The following represents three major thrusts that consumer groups have forged against AAA for its behavior:

Judge Upholds Bad-Faith Lawsuit Against AAA

Attorney Gary Gwilliam of Oakland, California, former president of the California Trial Lawyers' Association, reports that a Superior Court judge has overruled AAA's attempt to dismiss a lawsuit of some 15 individuals, who sued because they were denied AAA medical payment benefits even though their policy with AAA guaranteed payment for medical bills. On July 17, the Superior Court judge ordered AAA to prepare for trial. This is seen as a major setback for AAA. The senior managers of AAA obviously did not anticipate such a ferocious consumer reaction to their forcing people to file a multimillion bad-faith lawsuit against AAA in downtown San Francisco. Mr. Gwilliam reports that he has screened several hundred claims and picked the most obviously heart-rending circumstances to present before a jury. He is also studying the prospect of filing another bad-faith action against AAA for other similarly victimized policyholders.

DA's Investigation Ongoing

Courageous District Attorney Arlo Smith of San Francisco ordered his staff to conduct an investigation against med-pay denials by AAA. This is an unprecedented investigation, the first of its type in American judicial history. AAA senior management clearly did not predict it would be subjected to a criminal and civil investigation by one of the most prestigious district attorney's offices in the United States. Soon after the district attorney announced the establishment of an AAA complaint team with one full-time attorney, AAA executives demanded a private meeting with the district attorney. Representatives from AAA expressed their shock and inquired of the district attorney's reasoning for the probe. Arlo Smith stated that after the announcement of the probe, his office was deluged with hundreds of telephone calls from similarly affected victims of AAA's intransigent behavior.

AAA is the largest insurance carrier in Northern California and sells one out of four insurance policies. Clearly, any action or policy established by AAA has a great effect and impact on consumers in Northern California.

Since the announcement of the probe in February, the district attorney's office has received hundreds of verified complaints from consumers throughout Northern California. The district attorney's office has also invited the investigators from the Department of Insurance to participate in the investigation. It is understood that the investigators of the Department of Insurance may have hundreds, if not thousands, of complaints against AAA, extending back several years.

The district attorney's office has not yet selected a date when they may file formal charges against AAA.

Arlo Smith stunned political pundits in California by upsetting heavily favored Los Angeles District Attorney Ira Reiner for the Democratic nomination for attorney general. Those political observers believe that Arlo Smith is the odds-on favored to become the next attorney general of California, which would establish him as one of the most pro-active consumer judicial advocates in the United States.

Proxy Fight Trial Set for September 10

A group of independent consumers banded together to take advantage of the corporation bylaws of AAA, which is a nonprofit stockholder-owned corporation. As such, it is required under the laws of the state of California to engage in regular and fair elections for new members of board of governors.

In a historic break with the past, through-out the state of California, outraged consumers and doctors (many of whom were chiropractors) organized, through Attorney Larry Murray, a slate of candidates to oppose the hand-picked pro-management slate of AAA. Full-page newspaper ads, paid for by consumers, and numerous newspaper articles were printed in newspapers everywhere. Radio talk shows and some television stations presented the story of outraged stockholders attempting to regain control of their insurance company. However, AAA struck back by spending admittedly well over a million dollars in order to keep its slate in power.

Spending stockholders' resources to oppose an independent stockholder slate is the basis of the lawsuit. Larry Murray filed against AAA to ask the Superior Court to set aside the last election results. Murray is asking the Court in San Francisco to remove eight members of the board of directors, recently elected, and to install the independent consumer slate to the board, which includes Michael Pedigo, D.C.

The trial is set for September 10 and it promises to bring great fireworks and consternation to the AAA hierarchy.

It is estimated that AAA has over ten attorneys working full time against this lawsuit opposed to Larry Murray who is a solo practitioner. According to the most conservative estimate, AAA has already spent at least \$400,000 to these attorneys to protect its monopolistic control over the nonprofit stockholder corporation.

AAA has given unlimited financing to try to bury Larry Murray in paperwork, as well as intimidate the plaintiffs to drop the lawsuit. On September 10, it will be Larry's turn to try to convince the Court of the inequities of the last election and to install the pro-consumer slate in the 25-member board of directors.

Larry Murray has also announced that plans are being established to reach out to consumer groups throughout Northern California to encourage the selection of candidates for next year's proxy elections to be held in February of 1991.

For any further information concerning the consumer struggle against the anti-chiropractic and anti-consumer practices of AAA, you are invited to contact the law offices of:

Shawn Steel, Esq.
Suite 835
1255 Post Street
San Francisco, California 94109

Contact Erik at (415) 282-9000.

AUGUST 1990