

Garamendi, the Crusading Insurance Commissioner

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California's first elected insurance commissioner, John Garamendi has electrified the insurance community by filing a lawsuit against the Friendly Group Services (FGS) insurance agency.

The newly elected Garamendi announced, "The department of insurance has a new, get-tough consumer protection policy." According to his announcement, the lawsuit against the FGS insurance agency is for racketeering, gross mismanagement, and breach of fiduciary duties.

Simply stated, Garamendi charged that FGS is selling an insurance product which has no value for consumers.

Soon after John Garamendi's inauguration in Sacramento, he announced a price freeze on all auto insurance premiums until the insurance industry stops its multi-year litigation against full implementation of proposition 103. Prop 103 was passed by the voters in 1988 during the famous insurance wars. Over 90 million dollars were spent by all sides on 5 insurance propositions. Proposition 103 radically streamlined how insurance companies may raise their premiums, force accountability, elect the insurance commissioner, and allow banks to compete in the insurance market.

Many of the 400 California auto insurers have refused to implement proposition 103, opting instead to obstruct its implementation through a series of lawsuits.

Garamendi Supports Chiropractic Legislation

In one of Garamendi's first public speeches, he addressed a California Chiropractic Association Relicensing seminar in Burlingame, California on January 18 and announced that he is asking the chiropractic community to support his drive to streamline auto insurance reform. He also announced that he is supporting legislation that would include chiropractic coverage in the health maintenance organizations. Garamendi announced health insurance reforms making it very clear that chiropractic coverage serve as a basic ingredient on any health care program.

Garamendi has also announced plans to include chiropractic advisers as part of his health care advisory team.

Garamendi's 16 years in the California legislature as a state senator gives him the credibility and leverage necessary to resolve the insurance crisis. He has promised not only full disclosure of insurance companies' operations but rigorous pursuit of fraudulent practices by insurance company executives, insurance agents, defense law firms who overbill and create unnecessary litigation, fraudulent cases, and dishonest plaintiff's attorneys and doctors.

One of the more exciting features of the Garamendi administration is his announcement of plans to

implement new regulations for bad faith against insurance companies who deceptively engage in fraudulent behavior against consumers. Bad faith, as a third-party lawsuit, was outlawed by the California Supreme court in August 1988. However, the law still permits the insurance commissioner to investigate and prosecute bad-faith behavior of insurance companies.

Consumers and doctors of the chiropractic community will be closely following the achievements of Insurance Commissioner John Garamendi.

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