

# Garamendi Issues Anti-Discrimination Report

By HEINZ J. PULVERMAN

LOS ANGELES — California Insurance Commissioner John Garamendi, here last Friday presented the report of the Anti-Discrimination Task Force he had appointed in July of 1992, and in addition, introduced its chairman and author of the report, attorney Thomas F. Coleman, executive director of the Family Diversity Project.

The task force consisted of 62 members from backgrounds as varied as consumer activists, representatives of the Association of California Insurance Companies, and nearly a dozen insurance companies.

The task force divided itself into subcommittees in such areas as underwriting practices and barriers to coverage, disability issues, and marital status and sexual orientation discrimination.

## Finalizing The Report

The groups met in person and via telephone conferences statewide, then produced a draft report which was again subject to criticism and recommendations by individual members. It was then voted upon by all members before being finalized by Mr. Coleman.

The report covers such topics as auto insurance regulation (saying that the use of marital status as underwriting criteria should be prohibited); domestic partner coverage in health insurance (without discrimination in favor of married couples); joint renters insurance; collection of actuarial data by DOI to counter claims of some companies that unmarried consumers constitute a higher risk than married consumers; and universal health care coverage.

While a significant number of the recommendations have already been adopted or supported by Commissioner Garamendi, he called the report, "a vital blueprint to end unjustified discrimination against the unmarried," and said he will immediately direct his Department to implement several recommendations and order others to be studied. "Consumers should not be subjected to unfounded discrimination of any kind when it comes to the purchase of insurance," Commission-

er Garamendi said.

Additionally, the Commissioner said he would take action to ensure that unmarried individuals are not charged unfairly discriminatory rates.

## Report's Suggestions

The report urges prohibiting the use of marital status as a factor in the setting of automobile insurance rates. The report also suggest that consumers, brokers, and agents are often unaware that marital status discrimination may violate constitutional protection, statutes, and existing regulations. It urges the commissioner to initiate an educational campaign and prepare a brochure to correct the situation.

In accepting the report from Mr. Coleman, Commissioner Garamendi complimented him and the members of the task force for an excellent job, calling it "very useful in pointing out issues that need to be addressed." He promised to instruct the DOI staff "to implement them."

He also said that some of the recommendations were contained in the Garamendi plan for health care delivery, which the California Legislature turned down last year, but which in part has found its way into the Clinton administration's proposals.

## 87 Pages

The report, 87 pages in length, is well-organized and contains statistical material and charts to illustrate the conclusions it arrives at. It also incorporates a copy of a questionnaire sent to insurance companies, some of their replies, and letters from members of the task force approving or dissenting from the results.

Earlier this month Commissioner Garamendi accused the California Insurance Group of "blatant" redlining and is seeking the maximum fine of \$2.5 million. The case is now pending an administrative hearing (Underwriters' Report, July 15).

Further information and copies of the report may be obtained from Spectrum Institute, PO Box 65756, Los Angeles, CA 90065.

## UNDERWRITERS' REPORT

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# Report: Insurers unfair to singles

By Jennifer Bjorhus  
Bee Staff Writer

California Insurance Commissioner John Garamendi Wednesday vowed to crack down on insurers that unfairly discriminate against unmarried individuals and "domestic partners," endorsing a report urging an overhaul of California insurance practices.

The report, which Garamendi called "a vital blueprint to end unjustified discrimination against the unmarried," is the product of a diverse task force of 62 organizations ranging from Life AIDS Lobby to Allstate Insurance.

It documents "pervasive" discrimination against unmarried consumers forced to pay higher premiums for all kinds of insurance simply because of their marital status and states that the problem affects singles, divorced people, widows and widowers, and has a "particularly harsh and unfair effect on gays and lesbians" precluded by law from marriage.

The report's 14 specific recommendations — some of which Garamendi said he would implement immediately — include auditing insurance companies to check for unfair discrimination based on marital status; sponsoring new legislation prohibiting discrimination on the basis of sexual orientation and marital status; and enacting a "Save at the Pump" auto insurance plan to cover all drivers through surcharges on gasoline purchases, auto registration and traffic tickets.

"It's a major step forward," said J. Craig Fong, a member of the task force and director of the Western Office of Lambda Legal Defense, a lesbian and gay civil rights legal organization.

Insurers were less enthusiastic.

The report drew some hostile responses from some insurers who were members of the task force itself. The report lists dissent from insurers on nearly all of the 14 specific recommendations and stated that Charles Martin, the Allstate Insurance representative on the task force, "strenuously opposes" the report. Martin could not be reached for further comment.

Bob Gore, a spokesperson for the Association of California Insurance Companies, said he had not seen the report, but defended current insurance rate-setting as fair and legal.

Insurance companies don't have to include domestic partners as couples, he said, since the state of California does not recognize gay and lesbian marriages.

"Couplesness needs some legal basis for insurers to deal with it," he said. "It's a Gordian knot that has to be untied very carefully," he said, adding that he doubted Garamendi had the authority to affect such fundamental changes. Gore also said that as far as car insurance is concerned, it is "statistically proven that couples have lower accident rates" and that insurers have long based policies on such statistics.

But the report's supporters argue that whether or not such statistical differences exist, to base policies on them is unfair. They said the public would not tolerate policies written according to race- or height-based statistics, for instance.

The report signals growing sensitivity to the issue of sexual orientation and marital status in rate setting. Companies in several industries have been taking steps to eliminate such discrimination.

For instance, Silicon Valley companies Apple Computer, Borland International, Silicon Graphics and Sybase now offer health benefits to the domestic partners of gay employees.

And within the insurance industry, one company — Automobile Club of Southern California — has stopped using marital status as a factor in setting rates.

Instead, it issues joint policies to unmarried couples at the same rate as married couples.

Efforts to end insurance discrimination have been made at the legislative level as well.

Last year, a bill sponsored by the State Bar of California calling for an end in all types of insurance to discrimination based on marital status and sexual orientation made it through a state Senate insurance committee but died in the fiscal committee.

Garamendi himself issued a regulation earlier in July that calls for an end to discrimination based on marital status. It will undergo an administrative hearing in the next few months and is expected to be fought vigorously by insurance companies.

"They'll sue I'm sure, to try to stop it," said Thomas Coleman, author of the new insurance discrimination report and executive director of the Spectrum Institute, a Los Angeles-based nonprofit group fighting marital status discrimination. Coleman said that such major changes in regulation could take years to take effect.

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## Garamendi Urged to Fight Bias on Marital Status

By DONNA K. H. WALTERS  
TIMES STAFF WRITER

A state Insurance Department task force is urging California Insurance Commissioner John A. Garamendi to get tough with insurers who discriminate—in rates and coverage—against unmarried individuals and “domestic partners.”

Garamendi already has embraced many of the recommendations of the group's report, which he will officially accept at a press conference in Los Angeles today. He is calling it a “vital blueprint to end unjustified discrimination against the unmarried.”

Regulations proposed by Garamendi would prohibit auto insurers from using marital status as a basis for setting premiums.

However, one of the report's central themes, that married and unmarried couples be treated the same, is unlikely to get the regulatory attention and backing hoped for by its authors and proponents.

Most of the state's large insurance companies have already voiced opposition to the recommendations, which have been circulating in draft form for the past six

**Please see INSURANCE, D2**

## INSURANCE: Garamendi Urged to Prohibit Bias on Marital Status

Continued from D1

months. Insurers commonly refuse to issue joint policies to unmarried couples for health, rental and auto coverage. Indeed, in a survey cited in the report, insurers say that not only is it legal—at this point—to set different rates and in other ways discriminate against unmarried policy buyers, but that it is a sound business practice justified by statistical data.

Not so, insists Thomas F. Coleman, a Los Angeles attorney who headed the working group on marital status, part of the commissioner's anti-discrimination task force. Coleman, who says he has been fighting “pervasive” discrimination against unmarried people for 20 years, said that the insurance companies have yet to provide the statistics on which they base higher rates for the unmarried or discounts for married persons.

While the issue of discrimination against unmarried singles and couples hits all the hot buttons in the on-going debate over homosexual rights, Coleman said that the vast majority of unmarried people who bear the brunt of discrimination are heterosexual, and that by the year 2000 unmarried people will make up the majority of California's adult population.

The report also recommends that Garamendi:

- Issue orders to insurance companies to stop discriminating on the

basis of marital status.

- Support a ballot initiative on the so-called “pay at the pump” auto insurance system that would cover all drivers. Garamendi has voiced support for this concept.

- Support universal health care coverage, which would provide basic care to everyone regardless of status.

- Issue new regulations declaring rate discrimination based on marital status to be an unfair business practice and prohibiting insurance companies from refusing to issue joint policies to unmarried couples.

- Take legal action, in conjunction with the state Department of Corporations (which oversees many health care insurers), against health insurance companies that refuse to provide coverage to domestic partners of employees.

While most of the recommendations are already in force or are being supported by the insurance commissioner, those pertaining to coverage for unmarried couples pose difficulties, said Bill Schultz, a spokesman for the commissioner's office.

Garamendi will likely order his staff to study those proposals, but “there doesn't seem to be the authority,” he said, for the insurance commissioner to “force a company to provide insurance to unmarried couples.”