Insurance Advocate

Volume 108, Number 27 July12, 1997

Two N.Y. Consumer Groups Charge Sen. Bruno Bias, Political Payoffs; Demand Passage of Legislation To Authorize Punitive Damage Awards Vs. Insurers

ALBANY, N.Y. - Citizens Against Unfair Insurance Practices and Citizens Action of New York have banded together in an attempt to demand that State Senate Majority Leader Joseph L. Bruno (R-C-Troy) allow a vote on legislation which would hold unscrupulous insurance companies accountable in court. Under the bill, the court could award legal fees and punitive damages to successful plaintiffs.

"In the past two decades, Bruno has been dogged by criticism that he is too close to the insurance industry," said Martin Goldstein, president of Citizens Against Unfair Insurance Practices. "In 1987, Bruno, chairman of the Senate Insurance Committee, was also chairman of the board and chief executive officer of Coradian Corporation, a telecommunications firm. At the same time, three life insurance companies owned approximately 41 percent of the stock in Bruno's corporation." (Executive Life Insurance Co. of N.Y. and Los Angeles and Presidential Life Insurance Co. of Nyack, N.Y.)

The groups have charged that Bruno conducted a hearing as chairman of the Senate Insurance Committee, where he opposed regulations sponsored by the New York State Insurance Department which would limit life insurance companies from investing more than 20 percent of their total portfolio in junk bonds, and that the only two life insurance companies in the state that would have been affected by the proposal owned stock in Bruno's company, Coradian. "The president of both companies testified against the proposal before Bruno's committee," said Goldstein. "Even the Life Insurance Council of New York supported the restriction proposed by the Insurance Department."

"Bruno's ties with the insurance industry showed strong bonding by their contribution of $32,225 for his 1986 campaign which was nearly half of the total contributions of $66,225," added Richard Kirsch, Executive Director of Citizen Action. "In addition, One-third of campaign contributions through July of 1988 came from the insurance industry. At that time Senator Bruno stated he would not accept any more than $600 from any insurance source."

Kirsch noted that Citizen Action has released a report on campaign contributions which shows that Senator Bruno raised over $72,000 from the insurance industry from January 1995 through January 1997. "Virtually all contributions were $1000

or more," he said. "The report also detailed that Bruno, as Senate Majority Leader, raised at least an additional $151,317 in campaign contributions from the insurance industry for the two key Republican campaign committees," Kirsch said.

"Bruno's ties to the insurance industry seem to be even stronger as Majority Leader of the Senate," charged Kirsch. "Are insurance industry political contributions motivating Senator Bruno to block this pro-consumer legislation from going to the Senate floor for a vote and let democracy work? This is one more example of why we need to end the financing of elections by private interests who want favors from the legislature and Governor."

According to Goldstein, "Senator Bruno's interest to protect the insurance industry and not the consumer seem to be evident by the Senate's opposition to a bill last session, S. 5235, which required insurance companies to pay for experimental life saving treatments for cancer patients and other seriously ill people. This bill was co-sponsored by 26 of the 37 Senate Republicans and passed the Assembly. How can so many Senators be so wrong and Bruno so right?"

According to Goldstein, the bill in question this session, S. 486-A, which would "protect policyholders from the unfair, dishonest tactics insurance companies use to deny paying legitimate claims" passed the Assembly 131 to 13.

The bill was voted out of the Senate Insurance Committee on May 12. "The bill is sponsored by six Republicans, has the support of virtually the entire Democratic contingent in the Senate, and at least five other Republicans," explained Goldstein. "The bill would pass the Senate in a heartbeat. Majority Leader Bruno has the choice to protect policyholders or continue to allow insurance companies to destroy family lives and leave policyholders in this state unprotected. He is blocking the bill from going to the Senate floor for a vote."

Kirsch indicated that sixty-second radio spots are to be aired on local stations in Bruno's district, and that fliers will be circulated throughout Rensselaer and Saratoga Counties urging Bruno to allow a vote on the legislation.

"Senate Bruno and Governor Pataki need to hear about the issue from the real people in the community, not just the high-paid lobbyists for the insurance industry," said Goldstein.

Senate Insurance Committee Chairman Guy J. Velella (R-C-Bronx), who co-sponsored the bill, has said that it "is long past due," and that insurance companies showing bad faith by the unreasonable denial of a claim is "fairly wide-spread throughout the industry," according to Kirsch.

"Governor Pataki must weigh in on this issue and tell Senator Bruno to bring the fair claims settlement practices bill to the Senate floor for a vote," demanded

Goldstein. "The Governor must urge Senator Bruno to let democracy prevail in the Senate."

Marcia White, a spokesperson for Bruno said that the Senator "is going to be taking a look at it. He's opposed to the legislation in its present form. He's concerned about costs, it may raise costs for all policyholders to cover legal expenses of a few, and this would need to be balanced."